

GLOBAL INTERNATIONAL TRADING LIMITED

COMPANY NO. 3014472

ABBREVIATED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 1998



**REPORT OF THE AUDITOR TO
GLOBAL INTERNATIONAL TRADING LIMITED
UNDER SECTION 247B OF THE COMPANIES ACT 1985**

I have examined the abbreviated accounts set out on pages 2 to 5, together with the financial statements of the company for the year ended 31st December 1998 prepared under section 226 of the Companies Act 1985.

Respective responsibilities of directors and auditor

The directors are responsible for preparing the abbreviated accounts in accordance with section 246 of the Companies Act 1985. It is my responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246(5) and (6) of the Act to the registrar of companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and to report my opinion to you.

Basis of opinion

I have carried out the procedures I consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of my work for the purpose of this report did not include examining or dealing with events after the date of my report on the financial statements.

Opinion

In my opinion the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and (6) of the Companies Act 1985, and the abbreviated accounts on pages 2 to 5 are properly prepared in accordance with those provisions.

Other information

On I reported as auditor to the members of the company on the financial statements prepared under section 226 of the Companies Act 1985 and my report included the following opinion paragraphs:

Going Concern

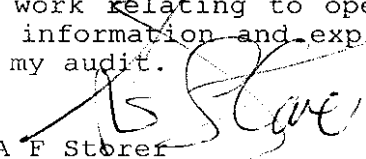
In forming our opinion I have considered the adequacy of the disclosures made in note 2 of the financial statements concerning the ability of the company to repay its long term loan and finance its future operations. In view of the significance of these matters and its continued but decreasing loss I consider that it should be drawn to your attention but my opinion is not qualified in this respect.

Qualified opinion arising from limitation in audit scope

Except for any adjustments that might have been found to be necessary had I been able to obtain sufficient evidence concerning stock as at 1st July 1998, in my opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st December 1998 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.

In respect alone of the limitation on my work relating to opening stock at 1st July 1998 I have not obtained all the information and explanations that I considered necessary for the purpose of my audit.

Bank House
129 High Street
Needham Market
Suffolk, IP6 8DH


A F Storer
Chartered Accountant
Registered Auditor

-1- 23rd September 1999

GLOBAL INTERNATIONAL TRADING LIMITED

ABBREVIATED BALANCE SHEET

31ST DECEMBER 1998

	<u>Note</u>	<u>1998</u>		<u>1997</u>	
		£	£	£	£
FIXED ASSETS					
Tangible assets	3		4868		5941
CURRENT ASSETS					
Stocks		150278		92494	
Debtors		124635		34922	
Cash at bank and in hand		34445		-	
		-----		-----	
		309358		127416	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	4	271553		124518	
		-----		-----	
NET CURRENT ASSETS			37805		2898
			-----		-----
TOTAL ASSETS LESS CURRENT LIABILITIES			42673		8839
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	5	169753		120674	
		-----		-----	
NET LIABILITIES		(127080)		(111835)	
		=====		=====	
CAPITAL AND RESERVES					
Called up share capital	6	5000		5000	
Profit and loss account		(132080)		(116835)	
		-----		-----	
SHAREHOLDERS FUNDS		(127080)		(111835)	
		=====		=====	

In preparing these abbreviated financial statements, we have relied on the exemptions conferred by Section A of Part III of schedule 8 made under Sections 246 and 247 of the Companies Act 1985 on the grounds that the company is entitled to those exemptions as a small company.

.....
 (Director)

Approved by the Board on2.8.99

GLOBAL INTERNATIONAL TRADING LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 1998

1. ACCOUNTING POLICIES

(a) Accounting basis and standards

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

(b) Depreciation

Depreciation on fixed assets is provided at rates estimated to write off the cost, less estimated residual value, of each asset over its expected useful life as follows:

Leasehold improvements	- Amortised over 5 years
Office equipment & fittings	- 25% reducing balance
Plant and equipment	- 25% reducing balance

(c) Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all direct costs incurred in bringing the stocks to their present location and condition, including where appropriate, proportion of manufacturing overheads.

(d) Turnover

Turnover represents the invoiced value of goods and services provided net of value added tax.

(e) Deferred taxation

Deferred taxation is accounted for under the liabilities method in respect of the taxation effects of all timing differences which are expected to reverse in the future, calculated at the rate at which it is estimated that tax will be payable.

(f) Leasing and hire purchase commitments

Assets held under finance lease and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The interest element is charged to profit and loss account over the period of the lease on a straight line basis.

Rentals paid under operating leases are charged to income on a straight-line basis over the lease term.

(g) Foreign currencies

transactions denominated in foreign currencies are translated into Sterling at the rate of exchange ruling at the date of the transaction. Assets and liabilities in foreign currencies are translated into Sterling at rates of exchange ruling at the end of the financial year. all exchange differences are dealt with in the profit and loss account.

GLOBAL INTERNATIONAL TRADING LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 1998 (Continued)

2. BASIS OF PREPARING THE FINANCIAL STATEMENTS

The company has the benefit of a long term loan totalling £157553 at 31st December 1998 provided by Lancaster Trust, through the former ultimate owners. This loan is not repayable within five years and the Director considers that the company will have sufficient resources to repay when required. In the meantime the company meets its day to day working capital requirements through an overdraft facility, which is repayable on demand. On the information available to the director, he considers that the company will continue to operate within the facility for the foreseeable future. On these bases the director considers it appropriate to prepare the financial statements on the going concern basis.

3. TANGIBLE ASSETS

Cost	Total
	£
At 1 st January 1998	12653
Additions	704

At 31 st December 1998	13357

Depreciation	
At 1 st January 1998	6712
Charge for the year	1777

At 31 st December 1998	8489

Net book value	
At 31 st December 1998	4868
	=====
At 31 st December 1997	5941
	=====

4. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Creditors include bank loans and overdrafts of £3600 (1997:£3100) which are secured by a fixed and floating charge over the assets of the company.

GLOBAL INTERNATIONAL TRADING LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 1998 (Continued)

5. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

Creditors include the following items repayable after more than five years:

	<u>1998</u>	<u>1997</u>
	<u>£</u>	<u>£</u>
Loan	157553	104575
	=====	=====

The loan is unsecured and interest free and is not repayable withing five years. Creditors also include a bank loan £12200 (1997:£16100) which is secured by a fixed and floating charge over the assets of the company.

6. CALLED UP SHARE CAPITAL

Authorised:

5000 ordinary shares of £1 each	5000	5000
	=====	=====

Called up, allotted and fully paid:

5000 ordinary share of £1 each	5000	5000
	=====	=====

7. RELATED PARTIES

Between 1st January 1998 to 27th April 1998 the company sold £12428 worth of goods on normal commercial terms to Arise Premiums of North Holland, a company which held a substantial shareholding in Global International Trading Limited.