

Report of the Directors and
Financial Statements
for the Year Ended 31 July 1998
for
Xenon Technology Limited



Company Information
for the Year Ended 31 July 1998

DIRECTORS:

N H Spanbok
P Elder
J E Wiles

SECRETARY:

Philip Elder

REGISTERED OFFICE:

Kemp House
152-160 City Road
London
EC1V 2NP

REGISTERED NUMBER:

3046709 (England and Wales)

AUDITORS:

Parfitt & Co
Accountants
& Registered Auditors
Huntercombe
Battle Bridge
Warfield
Bracknell RG42 6AE

Xenon Technology Limited

Report of the Directors
for the Year Ended 31 July 1998

The directors present their report with the financial statements of the company for the year ended 31 July 1998.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the supply of computer hardware and software.

DIRECTORS

The directors during the year under review were:

N H Spanbok
P Elder
J E Wiles

The beneficial interests of the directors holding office on 31 July 1998 in the issued share capital of the company were as follows:

	31.7.98	1.8.97
Ordinary £1 shares		
N H Spanbok	251	251
P Elder	251	251
J E Wiles	251	251

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors 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, the directors are 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 the going concern basis unless it is inappropriate to presume that the company will continue in business.

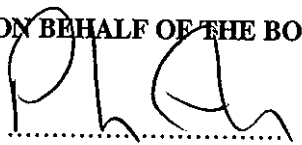
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

The auditors, Parfitt & Co, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

ON BEHALF OF THE BOARD:


Philip Elder - SECRETARY

Dated: 23 Mar 99

Xenon Technology Limited

Report of the Auditors to the Shareholders of
Xenon Technology Limited

We have audited the financial statements on pages four to eight which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities, under the historical cost convention and the accounting policies set out on page six.

Respective responsibilities of directors and auditors

As described on page two the company's directors are responsible for the preparation of 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 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 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 31 July 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Parfitt & Co
Accountants
& Registered Auditors
Huntercombe
Battle Bridge
Warfield
Bracknell RG42 6AE

Parfitt & Co

Dated:

26th March 1999

Xenon Technology Limited**Profit and Loss Account
for the Year Ended 31 July 1998**

	Notes	1998		1997	
		£	£	£	£
TURNOVER	2		486,782		377,404
Cost of sales			125,235		104,963
GROSS PROFIT			361,547		272,441
Distribution costs		3,142		1,471	
Administrative expenses		38,032		56,265	
			41,174		57,736
OPERATING PROFIT	3		320,373		214,705
Interest receivable and similar income	4		2,095		1,354
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			322,468		216,059
Tax on profit on ordinary activities	5		67,807		49,684
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION			254,661		166,375
Dividends	6		192,768		132,528
			61,893		33,847
Retained profit brought forward			67,524		33,677
RETAINED PROFIT CARRIED FORWARD			£129,417		£67,524

The notes form part of these financial statements


Xenon Technology Limited

Balance Sheet
31 July 1998

		1998		1997	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	7		7,244		8,217
CURRENT ASSETS:					
Stocks		24,784		25,266	
Debtors	8	84,790		27,974	
Cash at bank		57,483		47,205	
		167,057		100,445	
CREDITORS: Amounts falling due within one year	9	44,131		40,385	
NET CURRENT ASSETS:			122,926		60,060
TOTAL ASSETS LESS CURRENT LIABILITIES:			£130,170		£68,277
CAPITAL AND RESERVES:					
Called up share capital	11		753		753
Profit and loss account			129,417		67,524
Shareholders' funds			£130,170		£68,277

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities.

ON BEHALF OF THE BOARD:


.....
N H Spanbok - DIRECTOR


.....
J E Wiles - DIRECTOR

Approved by the Board on ...23/3/99...

The notes form part of these financial statements

Notes to the Financial Statements
for the Year Ended 31 July 1998

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities.

Turnover

Turnover represents net invoiced sales of goods and services, excluding value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Computer equipment - 25% on cost

Stocks

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

Deferred taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the profit and loss account as incurred.

2. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

3. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	1998	1997
	£	£
Depreciation - owned assets	3,382	2,695
Auditors' remuneration	1,491	1,866
Foreign exchange differences	(144)	-
	<u> </u>	<u> </u>
Directors' emoluments and other benefits etc	9,600	9,300
	<u> </u>	<u> </u>

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	1998	1997
	£	£
Deposit account interest	2,095	1,354
	<u> </u>	<u> </u>

Notes to the Financial Statements
for the Year Ended 31 July 1998

5. TAXATION

The tax charge on the profit on ordinary activities for the year was as follows:

	1998	1997
	£	£
UK Corporation Tax	67,807	49,684
	<u> </u>	<u> </u>

UK Corporation Tax has been charged at 21% (1997 - 23%).

6. DIVIDENDS

	1998	1997
	£	£
Interim	192,768	132,528
	<u> </u>	<u> </u>

7. TANGIBLE FIXED ASSETS

	Computer equipment
	£
COST:	
At 1 August 1997	
Additions	12,136
	<u>2,410</u>
At 31 July 1998	14,546
	<u> </u>
DEPRECIATION:	
At 1 August 1997	
Charge for year	3,920
	<u>3,382</u>
At 31 July 1998	7,302
	<u> </u>
NET BOOK VALUE:	
At 31 July 1998	7,244
	<u> </u>
At 31 July 1997	8,217
	<u> </u>

**8. DEBTORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	1998	1997
	£	£
Trade debtors	82,722	25,195
Prepayments	2,068	2,779
	<u> </u>	<u> </u>
	84,790	27,974
	<u> </u>	<u> </u>

Notes to the Financial Statements
for the Year Ended 31 July 1998

**9. CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	1998	1997
	£	£
Trade creditors	11,829	715
V.A.T.	10,870	5,863
Taxation	19,615	31,612
Accrued expenses	1,817	2,195
	<u>44,131</u>	<u>40,385</u>

10. OPERATING LEASE COMMITMENTS

The following payments are committed to be paid within one year:

	1998	1997
	£	£
Expiring:		
Within one year	2,460	2,460
	<u>2,460</u>	<u>2,460</u>

11. CALLED UP SHARE CAPITAL

Authorised:				
Number:	Class:	Nominal	1998	1997
		value:	£	£
1,000	Ordinary	£1	1,000	1,000
			<u>1,000</u>	<u>1,000</u>
Allotted and issued:				
Number:	Class:	Nominal	1998	1997
		value:	£	£
753	Share capital	£1	753	753
			<u>753</u>	<u>753</u>