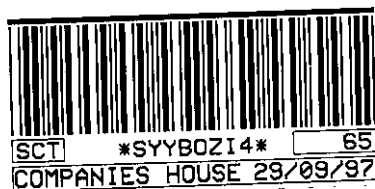


FIFTH RING LIMITED
ABBREVIATED ACCOUNTS
YEAR ENDED 28 FEBRUARY 1997

Registered Number 129673



**PANNELL
KERR
FORSTER**
CHARTERED ACCOUNTANTS

**FIFTH RING LIMITED
ABBREVIATED ACCOUNTS
YEAR ENDED 28 FEBRUARY 1997**

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**FIFTH RING LIMITED
DIRECTOR'S REPORT**

The director submits his report and audited financial statements for the year ended 28 February 1997.

RESULTS AND DIVIDENDS

The trading profit for the year after taxation was £21,700

REVIEW OF THE BUSINESS

The Company's principal activity during the year was that of advertising agents and graphic designers. During the year, the company devoted considerable resources to the development of new products and it is anticipated that this will produce significant rewards during the next few years.

Turnover has decreased slightly but the company has maintained its gross margins. The director is pleased with the results and considers the year end position to be satisfactory.

DIRECTOR

The director during the year and his interest in the shares of the company was as follows:

	<u>28/2/97</u>	<u>29/2/96</u>
P Anderson	49,999	49,999

STATUS

The company is a close company under the provisions of the Taxes Acts.

SPECIAL EXEMPTIONS

I have taken advantage in the preparation of the director's report of the special exemptions applicable to small companies conferred by Part II of Schedule 8 to the Companies Act 1985.

ON BEHALF OF THE BOARD

Date

4/9/97


Director

**AUDITORS' REPORT TO
FIFTH RING LIMITED
PURSUANT TO PARAGRAPH 24 OF SCHEDULE 8
TO THE COMPANIES ACT 1985**

We have examined the abbreviated accounts on pages 3 to 6 together with the full financial statements of Fifth Ring Limited for the shareholders for the year ended 28 February 1997.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors are responsible for preparing the abbreviated accounts in accordance with Schedule 8 to the Companies Act 1985. It is our responsibility to form an independent opinion as to the company's entitlement to the exemptions claimed in the director's statement on page 1 and whether the abbreviated accounts have been properly prepared in accordance with that schedule

BASIS OF OPINION

We have carried out the procedures we considered necessary to confirm, by reference to the audited financial statements, that the company is entitled to the exemptions and that the abbreviated accounts have been properly prepared from those financial statements. The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the full financial statements.

OPINION

In our opinion the company is entitled under sections 246 and 247 of the Companies Act 1985 to the exemptions conferred by Section A of Part III of Schedule 8 to that Act in respect of the year ended 28 February 1997 and the abbreviated accounts on pages 3 to 6 have been properly prepared in accordance with that Schedule.

OTHER INFORMATION

On ~~28/2/97~~ 24/9/97 we reported, as auditors of Fifth Ring Limited, to the shareholders on the full financial statements prepared under Section 226 of the Companies Act 1985 for the year ended 28 February 1997, and our audit report was as follows:

"We have audited the financial statements on pages 4 to 10 which have been prepared under the accounting policies set out on pages 6 and 7.

Respective responsibilities of directors and auditors

As described on page 2 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. 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.

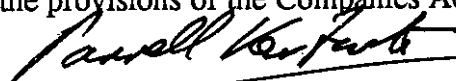
Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 28 February 1997 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies."

Aberdeen

Date

24th September 1997



Chartered Accountants
Registered Auditor

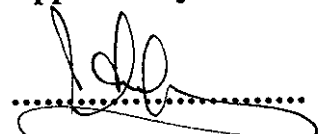
FIFTH RING LIMITED
ABBREVIATED BALANCE SHEET
AS AT 28 FEBRUARY 1997

	<u>Notes</u>	<u>1997</u>	<u>1996</u>
		£	£
FIXED ASSETS			
Tangible assets	2	50,667	84,630
CURRENT ASSETS			
Stock		43,927	45,187
Debtors		229,163	239,489
Cash and bank		<u>42,727</u>	<u>2,650</u>
		315,817	287,326
CREDITORS - Amounts falling due within one year	3	<u>213,025</u>	<u>215,362</u>
NET CURRENT ASSETS		<u>102,792</u>	<u>71,964</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		153,459	156,594
CREDITORS - Amounts falling due after more than one year	3	<u>7,883</u>	<u>18,468</u>
		<u>145,576</u>	<u>138,126</u>
CAPITAL AND RESERVES			
Share Capital	4	50,000	50,000
Profit and loss account		<u>95,576</u>	<u>88,126</u>
SHAREHOLDERS' FUNDS		<u>145,576</u>	<u>138,126</u>

I have relied on Sections 246 and 247 of the Companies Act 1985 as entitling me to deliver abbreviated accounts on the grounds that the company is entitled to benefit from exemptions conferred by Part III Section A of Schedule 8 to the Companies Act 1985 as a small company. On the same grounds, advantage has been taken in the preparation of the financial statement of the special exemptions conferred by Part I of Schedule 8 to that Act.

Approved by the board on

6/9/97

 Director

FIFTH RING LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 28 FEBRUARY 1997

1. ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention.

(b) Turnover

Turnover represents sales at invoice value less trade discounts allowed and excluding value added tax.

(c) Tangible fixed assets and depreciation

Tangible fixed assets are depreciated by the straight line method over their anticipated useful lives at the following annual rates:

Plant and Equipment	25%
Fixtures and Fittings	25%
Computer Equipment	33 $\frac{1}{3}$ %

(d) Stock

Stock and work in progress are stated at the lower of cost and net realisable value as follows:

Cost incurred in bringing each product to its present location and condition:

Raw materials - purchase cost on a first in, first out basis.

Work in progress
and finished goods - cost of direct materials and labour based on normal level of activity.

Net realisable value is based on estimated selling price less further costs to completion and selling costs.

(e) Deferred taxation

Provision is made for deferred tax, using the liability method, for timing differences except where there is reasonable probability that such taxation will not become payable in the foreseeable future. Deferred taxation is computed at the rates of tax estimated to be applicable when the timing differences reverse.

(f) Development expenditure

Development expenditure relating to specific projects for commercial exploitation is carried forward. Such expenditure is amortised over the period expected to benefit.

FIFTH RING LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS (Continued)
YEAR ENDED 28 FEBRUARY 1997

(g) Hire purchase agreements and operating leases

Assets acquired under hire purchase agreements are treated as tangible fixed assets and depreciation is provided accordingly. The present value of future rentals is shown as a liability and the interest element of the rental obligations is charged to the profit and loss account over the period of the lease in proportion to the capital balance outstanding.

Leasing charges in respect of operating leases are recognised in the profit and loss account over the lives of the lease agreement as incurred.

2. FIXED ASSETS - TANGIBLE

	At <u>1/3/96</u> £	<u>Additions</u> £	At <u>29/2/97</u> £
Cost	<u>215,134</u>	<u>20,032</u>	<u>235,166</u>
	At <u>1/3/96</u> £	Charge <u>for year</u> £	At <u>29/2/97</u> £
Depreciation	<u>130,504</u>	<u>53,995</u>	<u>184,499</u>
	At <u>1/3/96</u> £		At <u>29/2/97</u> £
Net book amount	<u>84,630</u>		<u>50,667</u>

FIFTH RING LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS (Continued)
YEAR ENDED 28 FEBRUARY 1997

3. CREDITORS

Creditors amounting to £78,940 are secured.

4. SHARE CAPITAL

	<u>1997</u> £	<u>1996</u> £
Authorised: 250,000 Ordinary shares of £1 each	<u>250,000</u>	<u>250,000</u>
Allotted, issued and fully paid: 50,000 Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>