

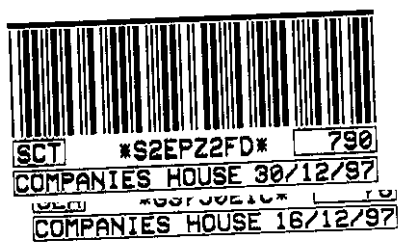
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CAMPBELL AND KENNEDY LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31st MARCH 1997

COMPANY NO: 164130

11.6 DEC 1997.

GLASGOW



DIRECTORS' REPORT

The Company was incorporated on 13th March 1996 and the Directors present their Report and the Financial Statements for the period ended 31st March 1997.

PRINCIPAL ACTIVITY AND REVIEW OF BUSINESS

The principal activities of the Company are the design, installation and maintenance of Satellite T.V. Systems. The Directors are disappointed with the first year of trading, and are hopeful that profits will be achieved in the coming year.

DIRECTORS

The Directors of the Company during the period and their interests in the Share Capital of the Company, as recorded in the Register of Directors' Interests, were as follows:-

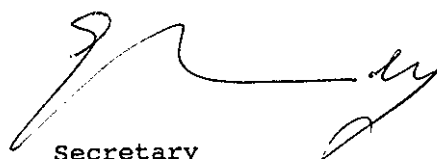
	At 31.3.97
G. KENNEDY	25,394
J. KENNEDY	25,394

In accordance with the Articles of Association, Mr. G. Kennedy retires by rotation and, being eligible, offers himself for re-election.

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



Secretary

CLYDEBANK, 2nd October 1997

UNAUDITED FINANCIAL STATEMENTS OF
CAMPBELL AND KENNEDY LIMITED

We report on the Financial Statements for the period ended 31st March 1997, set out on pages 3 to 9.

Respective Responsibilities of Director and Reporting Accountants
The Company's Directors are responsible for the preparation of the Financial Statements. In their opinion, they consider that the Company is exempt from an audit under Section 249A(1) of the Companies Act 1985. It is our responsibility to carry out procedures designed to enable us to report our opinion to you.

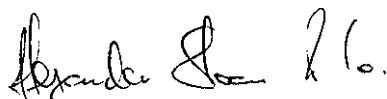
Basis of Opinion

Our work was conducted in accordance with the Statement 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; and
- (b) having regard only to, and on the basis of, the information contained in these 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 period specified in Section 249A(4) of the Act and did not, at any time within the period, fall within any of the categories of companies not entitled to the exemption specified in Section 249B(1).



ALEXANDER SLOAN & CO., C.A.
Reporting Accountants

GLASGOW, 2nd October 1997

PROFIT AND LOSS ACCOUNT

FOR THE PERIOD ENDED 31st MARCH 1997

	Notes	£	1997 £
Turnover	1		209,703
Cost of Sales			137,578
Gross Profit			<hr/> 72,125
Distribution Costs		32,841	
Administration Expenses		48,943	
		<hr/>	81,784
Operating Loss	2		(9,659)
Interest Payable			2,326
Loss on ordinary activities before Taxation			<hr/> (11,985)
Taxation			-
Loss on ordinary activities after Taxation			<hr/> (11,985)
Dividends	3		7,908
Retained Loss for the period			<hr/> (19,893)

RECOGNISED GAINS AND LOSSES

The Company made no recognised gains or losses in the period ended 31st March 1997 other than the loss for the period.

BALANCE SHEET

AS AT 31st MARCH 1997

	Notes	£	1997 £
FIXED ASSETS			
Intangible Assets	4		19,598
Tangible Assets	5		12,226
			<hr/>
			31,824
CURRENT ASSETS			
Stocks	6	20,847	
Debtors	7	32,002	
Cash in Hand		250	
		<hr/>	
		53,099	
CREDITORS: Amounts falling due within one year	8	43,344	
		<hr/>	
NET CURRENT ASSETS			9,755
			<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES			41,579
CREDITORS: Amounts falling due after more than one year	9		10,684
			<hr/>
			<u>30,895</u>
CAPITAL AND RESERVES			
Share Capital	10		50,788
Profit and Loss Account	11		(19,893)
			<hr/>
TOTAL SHAREHOLDERS' FUNDS	12		<u>30,895</u>

In approving these Financial Statements, we, as Directors of the Company, hereby confirm:-

- (a) that for the period in question, the Company was entitled to the exemption conferred by Section 249A(1);
- (b) that no notice has been deposited under Section 249B(2), in relation to the Accounts for the financial period; and
- (c) that the Directors acknowledge their responsibility for:-
 - (i) ensuring that the Company keeps accounting records which comply with Section 221; and

BALANCE SHEET (Contd.)

AS AT 31st MARCH 1997

- (ii) preparing Accounts which give a true and fair view of the state of affairs of the Company as at the end of the financial period and of its profit for the financial period in accordance with the requirements of Section 226, and which otherwise comply with the requirements of the Companies Act 1985 relating to the Accounts insofar as applicable to the Company.

The Financial Statements, which have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies, were approved by the Board of Directors on 2nd October 1997.

Signed on behalf of the Board.



G. KENNEDY
Director



J. KENNEDY
Director

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31st MARCH 1997

1. ACCOUNTING POLICIES

(a) **Basis of Accounting**

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

(b) **Goodwill**

Goodwill is the difference between the amount paid on acquisition of the business and the value of the net assets. It is amortised through the Profit and Loss Account in equal instalments over three years.

(c) **Turnover**

Turnover represents the sales invoiced net of Value Added Tax.

(d) **Depreciation**

Depreciation has been provided on all Tangible Fixed Assets at rates calculated to write off the cost over their estimated useful lives as follows:-

Plant and Equipment	- 33.33% Reducing Balance
Fixtures and Fittings	- 25% Reducing Balance
Motor Vehicles	- 25% Reducing Balance

(e) **Stocks**

Stocks are valued at the lower of cost and net realisable value. Cost is computed on a first-in, first-out basis. Net realisable value is based on estimated selling price less the estimated cost of disposal.

(f) **Lease Commitments**

Assets held under Hire Purchase contracts are capitalised in the Balance Sheet and are depreciated over their expected useful lives. The interest element is charged to the Profit and Loss Account over the period of the contract. Rentals paid under operating leases are charged to the Profit and Loss Account on a straight line basis over the lease term.

2. **OPERATING PROFIT**

1997
£

Operating Profit is stated after charging:-

Directors' Remuneration	13,428
Amortisation of Goodwill	9,799
Depreciation of Owned Assets	2,302
Depreciation of Assets held under Lease Purchase Contracts	2,414
Operating Lease Rentals - Plant and Machinery	733
- Land and Buildings	7,341
- Motor Vehicles	3,289
Lease Purchase Interest	143

3. **DIVIDENDS**

Ordinary - Paid

7,908

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

FOR THE PERIOD ENDED 31st MARCH 1997

				Goodwill
				£
4. INTANGIBLE FIXED ASSETS				
Cost				
Additions				<u>29,397</u>
As at 31st March 1997				<u>29,397</u>
Amortisation				
Provided during the period				<u>9,799</u>
As at 31st March 1997				<u>9,799</u>
Net Book Value				
As at 31st March 1997				<u>19,598</u>
5. TANGIBLE FIXED ASSETS	Motor Vehicles	Plant & Equipment	Fixtures & Fittings	Total
	£	£	£	£
Cost				
Additions	<u>9,656</u>	<u>5,787</u>	<u>1,499</u>	<u>16,942</u>
As at 31st March 1997	<u>9,656</u>	<u>5,787</u>	<u>1,499</u>	<u>16,942</u>
Depreciation				
Charge for period	<u>2,414</u>	<u>1,927</u>	<u>375</u>	<u>4,716</u>
As at 31st March 1997	<u>2,414</u>	<u>1,927</u>	<u>375</u>	<u>4,716</u>
Net Book Value				
As at 31st March 1997	<u>7,242</u>	<u>3,860</u>	<u>1,124</u>	<u>12,226</u>
Motor Vehicles are subject to Lease Purchase Agreements.				
6. STOCKS				1997
				£
Stocks				<u>20,847</u>
7. DEBTORS				
Advance Corporation Tax				1,977
Trade Debtors				16,879
Other Debtors				<u>13,146</u>
				<u>32,002</u>
8. CREDITORS: Amounts falling due within one year				
Bank Loans and Overdraft				17,781
Trade Creditors				4,362
Other Creditors				18,798
Hire Purchase Creditor				<u>2,403</u>
				<u>43,344</u>

Bank borrowings are secured by a bond and floating charge over the assets of Company.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

FOR THE PERIOD ENDED 31st MARCH 1997

	1997 £
9. CREDITORS: Amounts falling due after more than one year	
Bank Loans and Overdrafts	5,278
Hire Purchase Creditor repayable within five years	5,406
	<hr/>
	<u>10,684</u>
Analysis of borrowings	
Bank Loan	
Due within one year	3,333
Between one to two years	3,333
Between two to five years	1,945
	<hr/>
	8,611
Less: Payable within one year	3,333
	<hr/>
	<u>5,278</u>

The Bank Loan is secured by a bond and floating charge over the assets of the Company.

	1997 £
10. SHARE CAPITAL	
Authorised	
100,000 Ordinary Shares of £1 each	<u>100,000</u>
Allotted, Called up and Fully Paid	
50,788 Ordinary Shares of £1 each	<u>50,788</u>
	Profit and Loss Account £
11. RESERVES	
Loss for the year	<u>(19,893)</u>

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

FOR THE PERIOD ENDED 31st MARCH 1997

	1997 £
12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	
Loss for the financial period	(11,985)
Dividends	(7,908)
Issue of Ordinary Shares	50,788
	<hr/>
Closing Shareholders' Funds	<u>30,895</u>

13. OPERATING LEASES

At 31st March 1997, the Company had an annual commitment under non-cancellable operating leases which expire as follows:-

	1997	
	Land and Buildings £	Other £
On leases expiring:-		
Within two to five years	-	6,044
After five years	8,700	-
	<hr/>	<hr/>
	<u>8,700</u>	<u>6,044</u>

14. TRANSACTIONS WITH DIRECTORS

Included in "Other Debtors" (Note 6) are loans to the Directors, G. Kennedy and J. Kennedy, which are interest-free and repayable on demand.

	G. Kennedy £	J. Kennedy £	Total £
Assets transferred to the Company at 1st April 1996	(25,393)	(25,393)	(50,786)
New Share Capital Subscribed	25,394	25,394	50,788
Monies advanced by the Company during the year	4,706	4,706	9,412
	<hr/>	<hr/>	<hr/>
Amount outstanding at 31st March 1997	<u>4,707</u>	<u>4,707</u>	<u>9,414</u>