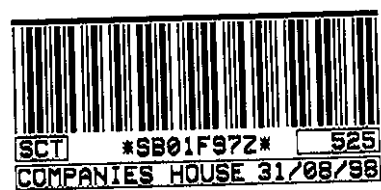


CAMPBELL AND KENNEDY LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st MARCH 1998

COMPANY NO: 164130

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DIRECTORS' REPORT

The Directors present their Report and the Financial Statements for the year ended 31st March 1998.

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 encouraged by the results and anticipate continued improvement in the coming year.

DIRECTORS

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

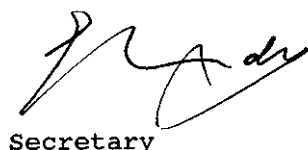
	At 31.3.98	At 31.3.97
G. KENNEDY	25,394	25,394
J. KENNEDY	25,394	25,394

In accordance with the Articles of Association, Mr. J. 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 VII to the Companies Act 1985.

BY ORDER OF THE BOARD



Secretary

CLYDEBANK, 14th August 1998

TO THE DIRECTORS OF CAMPBELL & KENNEDY LIMITED

In accordance with the instructions given to us, we have prepared Financial Statements for the Company for the year ended 31st March 1998 according to the accounting provisions of the Companies Act 1985. The Directors of the Company have confirmed that the Company is totally exempt from the audit requirement under the provisions of Section 249A(1) of the Companies Act 1985, and as a result we have not carried out an audit. The Financial Statements on pages 3 to 10 are therefore based on the information shown in the accounting records and on the information supplied and explanations given to us by the Directors.

A handwritten signature in cursive script, reading "Alexander Sloan".

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

GLASGOW, 14th August 1998

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31st MARCH 1998

	Notes	£	1998 £	£	1997 £
Turnover	1		237,531		209,703
Cost of Sales			130,337		137,578
Gross Profit			107,194		72,125
Distribution Costs		50,780		32,841	
Administration Expenses		49,766		48,943	
			100,546		81,784
Operating Profit/(Loss)	2		6,648		(9,659)
Interest Payable			3,213		2,326
Profit/(Loss) on ordinary activities before Taxation			3,435		(11,985)
Taxation	3		3,142		-
Profit/(Loss) on ordinary activities after Taxation			293		(11,985)
Dividends	4		-		7,908
Retained Profit/(Loss) for the year			<u>293</u>		<u>(19,893)</u>

RECOGNISED GAINS AND LOSSES

The Company made no recognised gains or losses in the years ended 31st March 1998 or 31st March 1997 other than the profit/loss for the year.

BALANCE SHEET

AS AT 31st MARCH 1998

	Notes	£	1998 £	£	1997 £
FIXED ASSETS					
Intangible Assets	5		9,799		19,598
Tangible Assets	6		6,083		12,226
			15,882		31,824
CURRENT ASSETS					
Stocks	7	25,151		20,847	
Debtors	8	44,058		32,002	
Cash in Hand		250		250	
			69,459	53,099	
CREDITORS: Amounts falling due within one year	9	48,927		43,344	
NET CURRENT ASSETS			20,532		9,755
TOTAL ASSETS LESS CURRENT LIABILITIES			36,411		41,579
CREDITORS: Amounts falling due after more than one year	10		5,226		10,684
			<u>31,188</u>		<u>30,895</u>
CAPITAL AND RESERVES					
Share Capital	11		50,788		50,788
Profit and Loss Account	12		(19,600)		(19,893)
TOTAL SHAREHOLDERS' FUNDS	13		<u>31,188</u>		<u>30,895</u>

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

- (a) that for the year 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 year; 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 1998

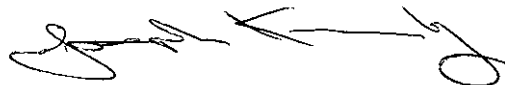
- (ii) preparing Accounts which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of its profit for the financial year in accordance with the requirements of Section 226, and which otherwise comply with the requirements of the Companies Act 1985 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 and with the Financial Reporting Standard for smaller entities, were approved by the Board of Directors on 14th August 1998.

Signed on behalf of the Board.



G. KENNEDY
Director



J. KENNEDY
Director

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH 1998

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 year 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/(LOSS)

	1998	1997
	£	£

Operating Profit is stated after charging:-

Directors' Remuneration	22,167	13,428
Amortisation of Goodwill	9,799	9,799
Depreciation of Owned Assets	1,089	2,302
Depreciation of Assets held under Lease		
Purchase Contracts	1,205	2,414
Loss on Disposal of Tangible Fixed Assets	3,849	-
Operating Lease Rentals - Plant and Machinery	398	733
- Land and Buildings	7,698	7,341
- Motor Vehicles	6,044	3,289
Lease Purchase Interest	571	143
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NOTES TO THE FINANCIAL STATEMENTS (Contd.)

FOR THE YEAR ENDED 31st MARCH 1998

3. TAXATION	1998 £	1997 £		
Corporation Tax	<u>3,142</u>	<u>-</u>		
4. DIVIDENDS				
Ordinary - Paid	<u>-</u>	<u>7,908</u>		
5. INTANGIBLE FIXED ASSETS		Goodwill £		
Cost				
As at 31st March 1997 and 1998		<u>29,397</u>		
Amortisation				
As at 31st March 1997		9,799		
Provided during the year		9,799		
		<u>19,598</u>		
As at 31st March 1998		<u>19,598</u>		
Net Book Value				
As at 31st March 1998		<u>9,799</u>		
As at 31st March 1997		<u>19,598</u>		
6. TANGIBLE FIXED ASSETS	Motor Vehicles £	Plant & Equipment £	Fixtures & Fittings £	Total £
Cost				
As at 31st March 1997	9,656	5,787	1,499	16,942
Disposals	(3,225)	(2,144)	-	(5,369)
	<u>6,431</u>	<u>3,643</u>	<u>1,499</u>	<u>11,573</u>
As at 31st March 1998	<u>6,431</u>	<u>3,643</u>	<u>1,499</u>	<u>11,573</u>
Depreciation				
As at 31st March 1997	2,414	1,927	375	4,716
Charge for year	1,205	808	281	2,294
Disposals	(806)	(714)	-	(1,520)
	<u>2,813</u>	<u>2,021</u>	<u>656</u>	<u>5,490</u>
As at 31st March 1998	<u>2,813</u>	<u>2,021</u>	<u>656</u>	<u>5,490</u>
Net Book Value				
As at 31st March 1998	<u>3,618</u>	<u>1,622</u>	<u>843</u>	<u>6,083</u>
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.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

FOR THE YEAR ENDED 31st MARCH 1998

7. STOCKS	1998 £	1997 £
Stocks	<u>25,151</u>	<u>20,847</u>
8. DEBTORS		
Advance Corporation Tax	1,977	1,977
Trade Debtors	30,013	16,879
Other Debtors	12,068	13,146
	<u>44,058</u>	<u>32,002</u>
9. CREDITORS: Amounts falling due within one year		
Bank Loans and Overdraft	22,567	17,781
Trade Creditors	2,618	4,362
Other Creditors	18,197	18,798
Hire Purchase Creditor	2,403	2,403
Corporation Tax	3,142	-
	<u>48,927</u>	<u>43,344</u>
Bank borrowings are secured by a bond and floating charge over the assets of Company.		
10. CREDITORS: Amounts falling due after more than one year		
Bank Loans and Overdrafts	2,222	5,278
Hire Purchase Creditor repayable within five years	3,004	5,406
	<u>5,226</u>	<u>10,684</u>
Analysis of borrowings		
Bank Loan		
Due within one year	3,333	3,333
Between one to two years	2,222	3,333
Between two to five years	-	1,945
	<u>5,555</u>	<u>8,611</u>
Less: Payable within one year	3,333	3,333
	<u>2,222</u>	<u>5,278</u>

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

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

FOR THE YEAR ENDED 31st MARCH 1998

11. SHARE CAPITAL	1998 £	1997 £
Authorised		
100,000 Ordinary Shares of £1 each	<u>100,000</u>	<u>100,000</u>
Allotted, Called up and Fully Paid		
50,788 Ordinary Shares of £1 each	<u>50,788</u>	<u>50,788</u>

12. RESERVES	Profit and Loss Account £
As at 31st March 1997	(19,893)
Profit for the year	293
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As at 31st March 1998	<u>(19,600)</u>

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	1998 £	1997 £
Opening Shareholders' Funds	30,895	-
Profit/(Loss) for the financial year	293	(11,985)
Dividends	-	(7,908)
Issue of Ordinary Shares	-	50,788
	<hr/>	<hr/>
Closing Shareholders' Funds	<u>31,188</u>	<u>30,895</u>

14. OPERATING LEASES

At 31st March 1998, the Company had an annual commitment under non-cancellable operating leases which expire as follows:-

	1998		1997	
On leases expiring:-	Land and Buildings £	Other £	Land and Buildings £	Other £
Within one year	-	1,007	-	-
Within two to five years	-	-	-	6,044
After five years	7,700	-	8,700	-
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	<u>7,700</u>	<u>1,007</u>	<u>8,700</u>	<u>6,044</u>

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

FOR THE YEAR ENDED 31st MARCH 1998

15. TRANSACTIONS WITH DIRECTORS

Included in "Other Debtors" (Note 8) are loans to the Directors, G. Kennedy and J. Kennedy, which are interest-free and repayable on demand.

	G. Kennedy £	J. Kennedy £	Total £
Amount outstanding at 31st March 1997 and 1998	<u>4,707</u>	<u>4,707</u>	<u>9,414</u>