

COMPANY NO. 0887798

**CONJOINT EXPORT SERVICES
[NEAR EAST] LIMITED**

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 1997

**PRIDIE BREWSTER
CHARTERED ACCOUNTANTS.**

29/39 London Road,
TWICKENHAM,
Middlesex TW1 3SZ.

27 January 1998



REPORT OF THE DIRECTORS

The Directors present their Report and the Financial Statements for the year ended 31st March 1997.

PRINCIPAL ACTIVITIES

The Company carried on the activities of Export Sales Consultants and Commercial Sales Representatives engaged in the direct export of goods in the Near and Middle East.

RESULTS AND DIVIDEND	1997	1996
Profit for the year after Taxation	46,183	19,570
Dividends Payable	-	-
	<hr/>	<hr/>
Transferred to Reserves	£46,183	£19,570
	<hr/> <hr/>	<hr/> <hr/>

FIXED ASSETS

Movements in Fixed Assets are shown in Note 6 to the Financial Statements.

DIRECTORS

The following persons were Directors of the Company during the year and their interests in the Share Capital were:

	31/3/1997	31/3/1996
Mrs. C.I. Sargrove	75	75
Mr. L.B.J. Sargrove	25	25

INCOME AND CORPORATION TAXES ACT 1988

In the opinion of the Directors, the Company is a close Company under the provisions of the above-named Act.

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:

- a] select suitable accounting policies and then apply them consistently;
- b] make judgements and estimates that are reasonable and prudent;
- c] prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

REPORT OF THE DIRECTORS (continued)

DIRECTORS' RESPONSIBILITIES (continued)

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, Pridie Brewster, Chartered Accountants, are willing to continue in office and a motion for their reappointment will be put before the Annual General Meeting.

BY ORDER OF THE BOARD



MRS. C.I. SARGROVE - Secretary

Registered Office:

29/39 London Road,
Twickenham,
Middlesex TW1 3SZ.

27 January 1998

REPORT OF THE AUDITORS TO THE MEMBERS OF**CONJOINT EXPORT SERVICES [NEAR EAST] LIMITED**

We have audited the Financial Statements on pages 4 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of Directors and Auditors

As described in the Directors' Report, 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

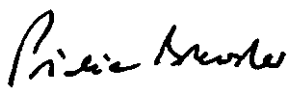
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Financial Statements. It also includes an assessment of the significant estimates and judgements 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 31st March 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

29/39 London Road,
TWICKENHAM,
Middlesex TW1 3SZ.


PRIDIE BREWSTER
CHARTERED ACCOUNTANTS
REGISTERED AUDITORS

27 January 1998

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 1997

	NOTE	1997	1996
TURNOVER	[1e]	1,800,369	1,451,117
Cost of Sales		<u>1,577,890</u>	<u>1,232,329</u>
GROSS PROFIT		222,479	218,788
Administrative Costs		<u>194,801</u>	<u>204,264</u>
		27,678	14,524
Other Operating Income	[2]	<u>5,505</u>	<u>5,046</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	[3]	33,183	19,570
TAXATION	[5]	<u>-</u>	<u>-</u>
RETAINED PROFIT FOR THE YEAR		<u><u>£ 33,183</u></u>	<u><u>£ 19,570</u></u>

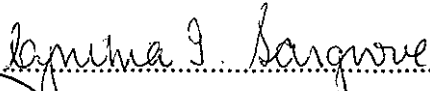
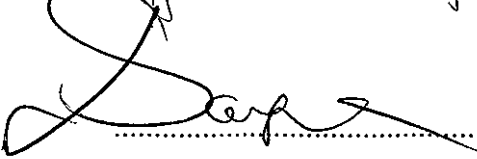
RETAINED PROFITS

At 1st April 1996	105,065	85,495
Retained Profit for the year	<u>33,183</u>	<u>19,570</u>
At 31st March 1997	<u><u>£138,248</u></u>	<u><u>£ 105,065</u></u>

All gains or losses arising in the year have been recognised in the Profit and Loss Account and arise from continuing activities.

BALANCE SHEET AT 31ST MARCH 1997

	NOTE	1997	1996
FIXED ASSETS			
Tangible Assets	[6]	<u>24,295</u>	<u>27,429</u>
CURRENT ASSETS			
Stocks	[1c]	86,539	34,720
Investments	[7]	16,323	16,323
Debtors	[8]	147,025	152,292
Cash at Bank and in Hand		<u>56,871</u>	<u>79,613</u>
		306,758	282,948
CREDITORS - due within one year	[9]	<u>(192,705)</u>	<u>(205,212)</u>
NET CURRENT ASSETS		<u>114,053</u>	<u>77,736</u>
NET ASSETS		<u><u>£138,348</u></u>	<u><u>£105,165</u></u>
CAPITAL AND RESERVES			
Called-up Share Capital	[10]	100	100
Profit and Loss Account		<u>138,248</u>	<u>105,065</u>
EQUITY SHAREHOLDERS' FUNDS	[12]	<u><u>£138,348</u></u>	<u><u>£105,165</u></u>

 C.I. SARGROVE)
)
 L.B.J. SARGROVE)
) DIRECTORS

27 January 1998

**NOTES TO THE FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31ST MARCH 1997**

1] ACCOUNTING POLICIES

- a] The Accounts are prepared under the historical cost convention.
- b] Depreciation is provided on all Tangible Fixed Assets at rates calculated to write off the cost of each asset over its expected useful life as follows:
- Furniture, Fittings and Equipment:
- Computer equipment 33% - on the reducing balance
- Other 15% - on the reducing balance
- Motor Vehicles 25% - on the reducing balance
- c] Stock is valued by the Directors at cost or lower net realisable value.
- d] Foreign Currency:
- i] Expenditure incurred in foreign currency is converted at the rate applicable at the date the expenditure was made.
- ii] Foreign currency held at the year end is converted at the rate applicable at the year end.
- e] Turnover represents the amounts invoiced for sales of goods and services, inclusive of freight and packing charges and commissions receivable.
- f] The Company qualifies as a Small Company under the requirements of Financial Reporting Standard Number 1 and, accordingly, is not required to present a Cash Flow Statement.

2] OTHER OPERATING INCOME	1997	1996
Bank Interest Received	5,057	5,373
Exchange Gain/(Loss)	448	(327)
	<hr/>	<hr/>
	£5,505	£5,046
	<hr/>	<hr/>

**NOTES TO THE FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31ST MARCH 1997 - continued**

**3] PROFIT ON ORDINARY ACTIVITIES
BEFORE TAXATION**

	1997	1996
This is stated after charging:	£	£
Depreciation	8,672	10,477
Loss on disposal of fixed assets	1,522	-
Auditors' Remuneration	6,000	6,000
	<u> </u>	<u> </u>

4] DIRECTORS AND EMPLOYEES

a] Staff Costs

Wages and Salaries	86,429	105,238
Social Security	8,372	10,424
Other Pension Costs	1,500	4,500
	<u> </u>	<u> </u>
	£96,301	£120,162
	<u> </u>	<u> </u>

b] The average number of persons employed by the Company was	7	6
	<u> </u>	<u> </u>

c] Staff costs include the following remuneration for Directors

Emoluments	33,294	52,084
Pension Costs	1,500	4,500
	<u> </u>	<u> </u>
	£34,794	£56,584
	<u> </u>	<u> </u>

The pension costs relate to pension premiums paid by the Company into a defined contribution scheme in respect of one of the Company's Directors.

5] TAXATION

No provision for taxation has been made on the results for the year due to the availability of trading losses brought forward.

There are unrelieved trading losses of approximately £42,000 (1996 - £77,000) carried forward at the Balance Sheet date.

NOTES TO THE FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31ST MARCH 1997 - continued6] **FIXED ASSETS**

Tangible Assets	Office Improve- ments	Furniture, Fittings & Equipment	Motor Vehicles	TOTAL
Cost				
At 1st April 1996	-	108,968	12,500	121,468
Additions	2,906	4,154	-	7,060
Disposals	-	(5,470)	-	(5,470)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31st March 1997	2,906	107,652	12,500	123,058
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1st April 1996	-	86,560	7,479	94,039
Elimination on disposal	-	(3,948)	-	(3,948)
Charge for the year	291	7,125	1,256	8,672
	<hr/>	<hr/>	<hr/>	<hr/>
At 31st March 1997	291	89,737	8,735	98,763
	<hr/>	<hr/>	<hr/>	<hr/>
Net Book Value				
At 31st March 1997	£2,615	£17,915	£3,765	£24,295
	<hr/>	<hr/>	<hr/>	<hr/>
At 31st March 1996	£ -	£22,408	£5,021	£27,429
	<hr/>	<hr/>	<hr/>	<hr/>

7] **INVESTMENTS**

	1997	1996
Investment in gold bullion	£16,323	£16,323
	<hr/>	<hr/>
Market Value at 31.3.1997	£13,835	£16,708
	<hr/>	<hr/>

8] **DEBTORS - due within one year**

Trade Debtors	145,580	149,957
Other Debtors and prepayments	1,445	2,335
	<hr/>	<hr/>
	£147,025	£152,292
	<hr/>	<hr/>

**NOTES TO THE FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31ST MARCH 1997 - continued**

9]	CREDITORS - due within one year	1997	1996
	Trade Creditors	112,819	98,509
	Other Creditors	19,636	25,854
	Directors' Loan Accounts	50,000	74,849
	Accruals	10,250	6,000
		<u>£192,705</u>	<u>£205,212</u>

10] **SHARE CAPITAL**

Authorised, Issued and Fully Paid:

100 Ordinary Shares of £1 each	<u>£100</u>	<u>£100</u>
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11] **CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES**

As at the Balance Sheet date, there were no Capital Commitments or Contingent Liabilities [1996 - Nil].

12] **EQUITY SHAREHOLDERS' FUNDS**

A separate analysis of movements in Shareholders' Funds is not provided as there are no changes in the current or previous year, other than the profit shown in the Profit & Loss Account.

13] **RELATED PARTY TRANSACTIONS**

The Company occupies offices owned by one of the Directors, Mr. L.B.J. Sargrove. The rent payable is considered to be the open market rent.