

7th October, 1998

CYNAR (UK) LIMITED
Co No 1466475

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST DECEMBER, 1997



JPS MATHARU & ASSOCIATES
Oak Gates, 157 Queens Road, Weybridge, Surrey. KT13 0AD

CYNAR (UK) LIMITED

DIRECTORS

Mr N Rohatgi
Mrs N Rohatgi

SECRETARY

Mrs N Rohatgi

REGISTERED OFFICE

19 Barbe Baker Avenue,
West End
Southampton
Hampshire
SO3 3RH

ACCOUNTANTS

JPS Matharu & Associates
Oak Gates,
157 Queens Road,
Weybridge,
Surrey.
KT13 0AD

CYNAR (UK) LIMITED

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DIRECTORS' REPORT

The directors have pleasure in submitting their report and financial statements for the year ended 31st December, 1997.

For the year in question, the Company was entitled to the exemption conferred by subsection 1 of section 249A and advantage has been taken of the exemptions conferred by Section A of Part III of Schedule 8. In the opinion of the directors, the Company is entitled to those exemptions on the basis that it qualifies as a small company.

No notice has been deposited under subsection (2) of section 249B in relation to the accounts for the financial year.

The directors acknowledge their responsibility for ensuring that the Company keeps accounting records which comply with section 221 of the Companies Act 1985, and that in preparing the accounts, they give a true and fair view of the state of the affairs of the Company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Act relating to accounts, so far as applicable to the Company.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was, and continues to be, that of general merchants.

RESULTS AND DIVIDENDS

The company made a loss of £ 9,809 (£ 5,663) after taxation for the year ended 31st December, 1997. No dividends were paid during the year (£ 125).

DIRECTORS AND THEIR INTERESTS

The directors who served during the year and their interest in the company at the beginning and the end of the year was as follows:

	<u>31/12/97</u>	<u>31/12/96</u>
£1 Ordinary shares		
Mr N Rohatgi	10	10
Mrs N Rohatgi	10	10
Mr N Rohatgi retires from the Board by rotation and being eligible offers himself for re-election.		

By order of the Board

N Rohatgi Director
7th October, 1997



JPS Matharu & Associates

Accountants & Taxation Specialists

Oak Gates

157 Queens Road

Weybridge

Surrey

KT13 0AD

**ACCOUNTANT'S REPORT BY JPS MATHARU & ASSOCIATES
TO THE MEMBERS OF CYNAR (UK) LIMITED**

We have reviewed the financial statements on pages 3 to 7 with approved accounting standards.

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31st December, 1997 and of its loss for the year then ended and that they have been properly prepared in accordance with the Companies Act 1985.

JPS Matharu & Associates

Accountants & Taxation Specialists

7th October, 1997

ACCOUNTANTS

The accountants, JPS Matharu & Associates, have been appointed by the director. In accordance with section 384 of the Companies Act 1985, a resolution for the re-appointment of JPS Matharu & Associates as accountants of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the Board

N Rohagti Director

7th October, 1997



**PROFIT AND LOSS ACCOUNT
FOR THE YEAR TO 31ST DECEMBER, 1997**

	<u>Notes</u>	<u>1997</u>	<u>1996</u>
Turnover	1b	108,078	169,502
Cost of Sales		<u>90,717</u>	<u>144,610</u>
Gross Profit / (Loss)		17,361	24,892
Administrative and General Expenses		<u>26,904</u>	<u>30,755</u>
		(9,543)	(5,863)
Interest Received		340	806
Interest Paid		(606)	(606)
Profit / (Loss) on ordinary activities, before taxation		<u>(9,809)</u>	<u>(5,663)</u>
Taxation	4	-	1,156
Profit / (Loss) for the year		<u>(9,809)</u>	<u>(4,507)</u>
Dividends Paid		<u>-</u>	<u>(2,500)</u>
Deficit for the Year		(9,809)	(7,007)
Retained profits, brought forward		18,951	25,978
Retained profits, carried forward		<u>£ 9,142</u>	<u>£ 18,971</u>

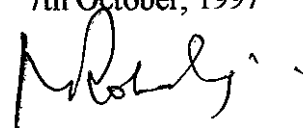
BALANCE SHEET
AS AT 31ST DECEMBER, 1997

	<u>Notes</u>	<u>1997</u>	<u>1996</u>
FIXED TANGIBLE ASSETS	5	20,102	25,613
CURRENT ASSETS			
Trade Debtors		24,121	2,720
Other Debtors		3,721	8,437
Prepayments		518	518
Cash at bank and in hand	6	<u>1,559</u>	<u>15,763</u>
		<u>29,919</u>	<u>27,438</u>
CREDITORS: Amounts falling due within one year.			
Trade Creditors	7	9,066	11,786
Other Creditors and Taxation		20,114	11,449
Bank Overdraft		6,099	-
Accruals		<u>2,625</u>	<u>3,650</u>
		<u>37,904</u>	<u>26,885</u>
NET CURRENT LIABILITIES		<u>(7,985)</u>	<u>553</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		12,117	26,166
CREDITORS - Amounts falling due after more than one year.			
Hire Purchase Creditor		(2,955)	6,895
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred Taxation		<u>-</u>	<u>300</u>
		<u>£ 9,162</u>	<u>£ 18,971</u>
REPRESENTED BY:			
Called-up Share capital	8	20	20
Profit and Loss account		<u>9,142</u>	<u>18,951</u>
Shareholders Funds		<u>£ 9,162</u>	<u>£ 18,971</u>

The financial statements were approved by the Board on 7th October, 1997 and under sections 233 249A(1) of The Companies Act 1985 (Audit Exemption) Regulations 1994 the Company is entitled to the audit exemption for small companies. For the year in question, the Company is entitled to the exemption conferred by subsection 1 of Section 249A and advantage has been taken of the exemptions conferred by Section A of Part III of Schedule 8. In the opinion of the directors, the Company is entitled to those exemptions on the basis that it qualifies as a small company. No notice has been deposited under subsection (2) of Section 249B in relation to the accounts for the financial year. The directors acknowledge their responsibility for ensuring that the Company keeps accounting records which comply with Section 221 of the Companies Act 1985, and that in preparing the accounts, they give a true and fair view of the state of the affairs of the Company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of Section 226, and which otherwise comply with the requirements of the Act relating to accounts, so far as applicable to the Company.

By order of the Board

N Rohagti Director
7th October, 1997



NOTES FORMING PART OF THE FINANCIAL STATEMENTS**1 ACCOUNTING POLICIES****a Basis of financial statements**

The financial statements have been prepared under the historical cost convention and in accordance with Schedule 4 to the Companies Act 1985.

b Turnover

Turnover represents the total invoice value, excluding value added tax, and services rendered.

c Fixed Assets

Fixed assets were capitalised at the cost of acquisition and installation.

d Depreciation

Depreciation is provided on fixed assets at a rate calculated to write off the value or cost of each asset evenly over its expected useful life as follows:

Equipment	15%	on cost
Motor Vehicle	25%	(reducing balance basis)

e Pension Costs

The company operates a defined contributions pensions scheme for its directors. The pension costs of £ 4,568 (£ 4,568) charged in the accounts represent the amount the company contributed in the year on behalf of the directors.

f Hire Purchase Contracts

Assets held under hire purchase contracts are capitalised at their fair value on the inception of the contracts and depreciated over their estimated useful lives. The finance charges are spread equally over the period of each contract.

2 OPERATING PROFIT

	<u>1997</u>	<u>1996</u>
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Administration expenses include:

Director's remuneration	£10,868	£ 14,950
Depreciation of equipment	798	1,471
Accountants' remuneration	<u>900</u>	<u>2,000</u>

3 STAFF COSTS

Wages & Salaries (including director)	<u>£ 10,868</u>	<u>£ 14,950</u>
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The average number of employees during the year was made up as follows:

Directors	<u>2</u>	<u>2</u>
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4 TAXATION

Taxation represents a liability for Corporation Tax for the current period, which is levied at the Small Companies rate.

5 FIXED ASSETS

	Equipment	Motor Vehicle	Total
Cost			
At 1st January, 1997	£ 5,107	£ 26,266	£ 31,373
Additions in year	212	-	212
At 31st December, 1997	<u>£ 5,319</u>	<u>£ 26,266</u>	<u>£ 31,585</u>
Depreciation			
At 1st January, 1997	£ 4,118	£ 1,642	£ 5,760
Charge for year	798	4,925	5,723
At 31st December, 1997	<u>£ 4,916</u>	<u>£ 6,567</u>	<u>£ 11,483</u>
Net book value			
At 31st December, 1997	<u>£ 403</u>	<u>£ 19,699</u>	<u>£ 20,102</u>
At 31st December, 1996	<u>£ 989</u>	<u>£ 24,624</u>	<u>£ 25,613</u>

6 DEBTORS

	1997	1996
All due within one year		
Trade debtors	£ 24,121	£ 2,720
Other debtors	3,721	8,437
Prepayments and accrued income	518	518
	<u>£ 28,360</u>	<u>£ 11,675</u>

7 CREDITORS: Amounts falling due within one year

Bank loans and overdrafts	£ 6,099	£ -
Directors' current account	10,758	1,057
Sundry creditors and accruals	4,880	5,015
Corporation Tax	-	1,625
PAYE	4,476	3,752
	<u>£ 26,213</u>	<u>£ 11,449</u>

8 SHARE CAPITAL

	1997 Number	1996 Value
Authorised		
Ordinary shares of £1 each	<u>£100</u>	<u>£ 100</u>
Allotted and fully paid	<u>£ 20</u>	<u>£ 20</u>

There were no changes in the share capital during the year.