

**Pendax UK Limited**

**Directors' report and financial statements**

Year ended 31 December 1997

Registered number 1716114



## **Directors' report and financial statements**

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## **Directors' report**

The directors of Pendax UK Limited present their annual report to the members together with the audited financial statements of the company for the year ended 31 December 1997.

### **Principal activities**

The company is the exclusive UK distributor of audio-visual training and presentation equipment, manufactured by its parent company, Pendax AB of Sweden.

The company has performed satisfactorily throughout the year and the directors believe that growth will continue in the year to 31 December 1998.

### **Results and dividends**

The results for the year are set out on page 4.

The directors paid a dividend of £100,000 in respect of the year ended 31 December 1997 (1996:£Nil).

### **Directors**

The directors who held office during the year were as follows:

JA Crooks  
JS Bedford  
C Lundstrom (Swedish national) - resigned on 16 May 1997

### **Directors' interests in shares**

None of the directors had any discloseable interest in the ordinary shares of the company or group companies at any time during the year.

### **Statement of 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:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;

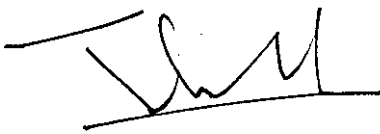
The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

**Directors' report** *(continued)*

**Auditors**

In accordance with section 384 of the Companies Act 1985, a resolution for the reappointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

A handwritten signature in black ink, appearing to be 'JA Crooks', written over a horizontal line.

**JA Crooks**  
*Director*



Arlington Business Park  
Theale  
Reading  
RG7 4SD

## **Report of the auditors to the members of Pendax UK Limited**

We have audited the financial statements on pages 4 to 13 .

### **Respective responsibilities of directors and auditors**

As described on page 1 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 affairs of the company at 31 December 1997 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

**KPMG**  
*Chartered Accountants*  
*Registered Auditors*

19 February, 1998

## **Profit and loss account**

*for the year ended 31 December 1997*

	<i>Note</i>	1997 £	1996 £
<b>Turnover</b>	2	4,977,620	4,515,786
<b>Cost of sales</b>		(3,053,020)	(2,765,329)
<b>Gross profit</b>		1,924,600	1,750,457
<b>Distribution costs</b>		(300,606)	(320,384)
<b>Administrative expenses</b>		(1,395,648)	(1,171,399)
<b>Operating profit</b>	3	228,346	258,674
<b>Interest receivable and other similar income</b>	6	2,813	2,632
<b>Interest payable and other similar charges</b>	7	(19,012)	(16,597)
<b>Profit on ordinary activities before taxation</b>		212,147	244,709
<b>Taxation on profit on ordinary activities</b>	8	(67,511)	(81,918)
<b>Profit on ordinary activities after taxation</b>		144,636	162,791
<b>Dividend</b>		(100,000)	-
<b>Retained profit for the financial year</b>		44,636	162,791
<b>Retained profit brought forward</b>		705,854	543,063
<b>Retained profit carried forward</b>		750,490	705,854

As in the previous year, the company has no recognised gains or losses other than the profit for the year shown above.

A statement of historical cost profit has not been prepared as the historical profit is the same as the operating profit. All turnover and operating profit reported above is derived from continuing operations.

## Balance sheet

at 31 December 1997

	Note	1997 £	1996 £
<b>Fixed assets</b>			
Tangible assets	9	242,888	245,671
<b>Current assets</b>			
Stocks	10	459,921	275,057
Debtors	11	1,179,580	1,078,898
Cash at bank and in hand		1,500	1,500
		<u>1,641,001</u>	<u>1,355,455</u>
<b>Creditors: amounts falling due within one year</b>	12	<u>(1,111,178)</u>	<u>(866,414)</u>
<b>Net current assets</b>		<u>529,823</u>	<u>489,041</u>
<b>Total assets less current liabilities</b>		<u>772,711</u>	<u>734,712</u>
<b>Creditors: amounts falling due after more than one year</b>	13	<u>(12,221)</u>	<u>(18,858)</u>
<b>Net assets</b>		<u>760,490</u>	<u>715,854</u>
<b>Capital and reserves</b>			
Called up share capital	17	10,000	10,000
Profit and loss account		750,490	705,854
		<u>760,490</u>	<u>715,854</u>

These financial statements were approved by the board of directors on 3/2/98 and were signed on its behalf by:



JA Crooks  
 Director

## Notes

(forming part of the financial statements)

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

#### *Basis of preparation*

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules.

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary of a company preparing and publishing consolidated financial statements for which a consolidated cash flow statement is presented.

#### *Turnover*

Turnover represents the invoiced amount of goods sold during the period, net of Value Added Tax.

#### *Fixed assets and depreciation*

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:

Leasehold property	-	Over remaining life of lease
Fixtures and fittings	-	Over five years
Motor vehicles	-	Over four years

A full year's charge is made for all assets in the year of acquisition, and none in the year of disposal.

#### *Stocks and work in progress*

Stock is stated at the lower of cost or net realisable value. Cost is based on the average purchase price, and includes due allowance for freight, duty and other directly related costs. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation and where appropriate, the cost of conversion from their existing state to a finished condition. Provision is made where necessary for obsolete, slow moving and defective stock.

#### *Taxation*

The charge for taxation is based on the result for the year as adjusted for disallowable items.

Deferred tax is provided for using the liability method in respect of all material timing differences to the extent that it is probable that a liability or asset will crystallise in the foreseeable future.



## Notes (continued)

### 1 Accounting policies (continued)

#### *Foreign currencies*

Assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the end of the financial year. Transactions in foreign currencies are included in the profit and loss account at the rate ruling, except that unrealised exchange gains are not recognised. Exchange gains and losses are included in trading results.

#### *Pension arrangements*

The company operates a defined contribution scheme, externally funded and contracted out of the state scheme. The charge against profits is the amount of contributions payable to the pension scheme in respect of the accounting period, at a fixed percentage of pensionable earnings.

#### *Leases*

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduced the outstanding obligation for future instalments.

All other leases are accounted for as 'operating leases' and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

### 2 Analysis of turnover

The geographical analysis of turnover is as follows:

	1997 £	1996 £
United Kingdom	4,977,620	4,515,786
	<u>          </u>	<u>          </u>

### 3 Operating profit

	1997 £	1996 £
Operating profit is stated after charging/(crediting):		
Profit on disposal of fixed assets	(1,260)	(6,926)
Depreciation	110,465	112,653
Auditors' remuneration for audit work	7,800	6,900
Auditors' remuneration for non audit work	1,650	1,500
Operating lease charges - premises	54,100	54,100
Staff costs (note 4)	1,078,500	855,429
Exchange losses	1,152	2,624
	<u>          </u>	<u>          </u>

## Notes (continued)

### 4 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	1997	Number of employees 1996
Selling and distribution	19	17
Administration	15	15
	<u>34</u>	<u>32</u>

The aggregate payroll costs of these persons were as follows:

	1997 £	1996 £
Salaries and bonuses	978,541	770,872
Social security costs	77,487	66,301
Other pension costs	22,472	18,256
	<u>1,078,500</u>	<u>855,429</u>

### 5 Remuneration of directors

	1997 £	1996 £
Directors' emoluments	<u>265,806</u>	<u>150,671</u>

**Notes (continued)**

**6 Interest receivable and other similar income**

	1997 £	1996 £
UK bank deposits	2,813	2,632
	<u>2,813</u>	<u>2,632</u>

**7 Interest payable and other similar charges**

	1997 £	1996 £
Bank loan and overdraft	12,421	11,965
Hire purchase interest	6,591	4,632
	<u>19,012</u>	<u>16,597</u>

**8 Taxation on ordinary activities**

The charge for the year is made up as follows:

	1997 £	1996 £
Tax charge for the year at 33%/31% (1996:33%)	67,500	81,918
Under provisions in respect of prior years	11	-
	<u>67,511</u>	<u>81,918</u>

## Notes (continued)

### 9 Tangible fixed assets

	Leasehold Property (Short lease) £	Fixtures and Fittings £	Vehicles £	Total £
<b>Cost</b>				
At 1 January 1997	20,000	310,173	306,138	636,311
Additions	-	46,582	66,590	113,172
Disposals	-	(1,150)	(52,280)	(53,430)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1997	20,000	355,605	320,448	696,053
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>				
At 1 January 1997	11,074	199,397	180,169	390,640
Charge for the year	1,032	44,176	65,257	110,465
Disposals	-	-	(47,940)	(47,940)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1997	12,106	243,573	197,486	453,165
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>				
At 31 December 1997	7,894	112,032	122,962	242,888
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1996	8,926	110,776	125,969	245,671
	<hr/>	<hr/>	<hr/>	<hr/>

Included in the net book value is £122,962 (1996:£104,466) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £48,752 (1996:£37,790).

### 10 Stocks

	1997 £	1996 £
Finished goods for resale	459,921	275,057
	<hr/>	<hr/>

## Notes (continued)

### 11 Debtors

	1997 £	1996 £
Trade debtors	1,100,495	1,046,568
Other debtors	9,830	6,257
Prepayments	44,255	26,073
ACT recoverable	25,000	-
	<u>1,179,580</u>	<u>1,078,898</u>

### 12 Creditors: amounts falling due within one year

	1997 £	1996 £
Bank overdraft	78,606	30,107
Trade creditors	513,959	357,147
Amounts owed to parent undertaking	134,676	146,357
Obligations under finance leases and hire purchase contracts	45,111	54,178
Other creditors including taxation and social security	61,848	123,319
Corporation tax	67,500	81,825
Accruals and deferred income	191,353	73,481
ACT	18,125	-
	<u>1,111,178</u>	<u>866,414</u>

The bank overdraft is secured by a floating charge over the assets of the company.

### 13 Creditors: amounts falling due after more than one year

	1997 £	1996 £
Obligations under finance leases and hire purchase contracts	<u>12,221</u>	<u>18,858</u>

All hire purchase commitments will fall due within two years.

## Notes (continued)

### 13 Creditors: amounts falling due after more than one year (continued)

The maturity of obligations under finance leases and hire purchase contracts is as follows:

	1997	1996
	£	£
Within one year	45,111	54,178
In the second to fifth years	12,221	18,858
	<u>57,332</u>	<u>73,036</u>

### 14 Provisions for liabilities and charges

At 31 December 1996 the company has an unprovided deferred tax asset of £17,167.(1996:£18,357), being the difference between accumulated depreciation charged and capital allowances taken.

### 15 Obligations under operating leases

At 31 December 1997, the company had the following annual commitments under non-cancellable operating leases:

	1997	1996
	Land and buildings £	Land and buildings £
Over five years	54,100	54,100
	<u>54,100</u>	<u>54,100</u>

### 16 Contingent liabilities

#### *Counter indemnities*

At 31 December 1997, counter indemnities totalling £60,000 were in existence (1996:£60,000).

### 17 Share capital

	1997	1996
	£	£
Authorised, allotted, called up and fully paid:		
Ordinary shares of £1 each	10,000	10,000
	<u>10,000</u>	<u>10,000</u>

**Notes** *(continued)*

**18 Ultimate holding company**

At the year end the company's ultimate holding company was Pendax Holdings AB, a company incorporated in Sweden. Copies of the group financial statements are available from:

Pendax Holdings AB  
Post Box 2042  
12202 Stockholm  
SWEDEN

The holding company of the smallest group of which the company is a member is Pendax AB, a company incorporated in Sweden. Copies of the financial statements of the Pendax group are available from:

Pendax AB  
Post Box 2042  
12202 Stockholm  
SWEDEN