

PENDAX UK LIMITED
FINANCIAL STATEMENTS
31 DECEMBER 2002

Company Registration Number 1716114



BKR HAINES WATTS
Chartered Accountants & Registered Auditors
7-11 Station Road
Reading
Berkshire
RG1 1LG

PENDAX UK LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2002

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PENDAX UK LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

R B Baldwin
J S Bedford
K P Lloyd Wright
C Shaw
J Ellwood

Company secretary

R B Baldwin

Registered office

57 Suttons Park Avenue
Earley
Reading
RG6 1AZ

Auditors

BKR Haines Watts
Chartered Accountants
& Registered Auditors
7-11 Station Road
Reading
Berkshire
RG1 1LG

PENDAX UK LIMITED
THE DIRECTORS' REPORT
YEAR ENDED 31 DECEMBER 2002

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 December 2002.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company continued to be that of manufacture and distribution of audio-visual training and presentation equipment.

RESULTS AND DIVIDENDS

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have recommended the following dividends:

	2002 £	2001 £
Dividends paid on ordinary shares	<u>100,000</u>	<u>100,000</u>

DIRECTORS

The directors who served the company during the year were as follows:

R B Baldwin
J S Bedford
K P Lloyd Wright
C Shaw
J Ellwood

None of the directors held any interest in the share capital of the company during the year.

The company is a wholly owned subsidiary and the group interests of directors are disclosed in the financial statements of the parent company.

J Ellwood was appointed as a director on 15 April 2002.

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 at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on pages 8 to 9, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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. The directors 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.

PENDAX UK LIMITED
THE DIRECTORS' REPORT *(continued)*
YEAR ENDED 31 DECEMBER 2002

AUDITORS

A resolution to re-appoint Haines Watts as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office:
57 Suttons Park Avenue
Earley
Reading
RG6 1AZ

Signed by order of the directors



R B BALDWIN
Company Secretary

Approved by the directors on 19/3/2003

PENDAX UK LIMITED**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS****YEAR ENDED 31 DECEMBER 2002**

We have audited the financial statements on pages 6 to 15 which have been prepared under the historical cost convention and the accounting policies set out on pages 8 to 9.

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards are set out in the Statement of Directors' Responsibilities on page 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to any other information.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with United Kingdom 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.

PENDAX UK LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS *(continued)*

YEAR ENDED 31 DECEMBER 2002

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2002 and of the profit of the company for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

BKR Haines Watts

7-11 Station Road
Reading
Berkshire
RG1 1LG

BKR HAINES WATTS
Chartered Accountants
& Registered Auditors

25 March 2003
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PENDAX UK LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2002

	Note	2002 £	2001 £
TURNOVER	2	4,616,666	6,430,481
Cost of sales		<u>2,540,957</u>	<u>3,732,513</u>
GROSS PROFIT		2,075,709	2,697,968
Administrative expenses		<u>1,977,140</u>	<u>2,419,744</u>
OPERATING PROFIT	3	98,569	278,224
Interest receivable and similar income		10,007	10,638
Interest payable	6	<u>(4,559)</u>	<u>(12,543)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		104,017	276,319
Tax on profit on ordinary activities	7	<u>15,871</u>	<u>75,123</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		88,146	201,196
Dividends	8	<u>100,000</u>	<u>100,000</u>
(LOSS)/RETAINED PROFIT FOR THE FINANCIAL YEAR		(11,854)	101,196
Balance brought forward		<u>624,424</u>	<u>523,228</u>
Balance carried forward		<u><u>612,570</u></u>	<u><u>624,424</u></u>

The company has no recognised gains or losses other than the results for the year as set out above.

All of the activities of the company are classed as continuing.

PENDAX UK LIMITED

BALANCE SHEET

31 DECEMBER 2002

	Note	2002 £	2001 £
FIXED ASSETS			
Tangible assets	9	185,295	197,964
CURRENT ASSETS			
Stocks	10	390,292	423,626
Debtors	11	893,446	845,008
Cash at bank and in hand		86,086	148,154
		<u>1,369,824</u>	<u>1,416,788</u>
CREDITORS: Amounts falling due within one year	13	<u>903,159</u>	<u>980,328</u>
NET CURRENT ASSETS		<u>466,665</u>	<u>436,460</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>651,960</u>	<u>634,424</u>
CREDITORS: Amounts falling due after more than one year	14	<u>29,390</u>	<u>—</u>
		<u>622,570</u>	<u>634,424</u>
CAPITAL AND RESERVES			
Called-up equity share capital	19	10,000	10,000
Profit and Loss Account		612,570	624,424
SHAREHOLDERS' FUNDS	20	<u>622,570</u>	<u>634,424</u>

These financial statements were approved by the directors on the 19/3/2003 and are signed on their behalf by:


R B BALDWIN


J S BEDFORD

PENDAX UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2002

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is small.

Turnover

The turnover shown in the profit and loss account represents goods and services sold during the year, exclusive of Value Added Tax.

Maintenance contracts

Revenue relating to maintenance contracts is spread over the length of the contract.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold Property	-	straight line over the period of the lease
Fixtures & Fittings	-	20% straight line
Motor Vehicles	-	25% straight line

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the Profit and Loss Account on a straight line basis.

Finance lease agreements

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 in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the Profit and Loss Account on a straight line basis, and the capital element which reduces the outstanding obligation for future instalments.

PENDAX UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2002

1. ACCOUNTING POLICIES *(continued)*

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the Profit and Loss Account.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	2002	2001
	£	£
United Kingdom	<u>4,616,666</u>	<u>6,430,481</u>

PENDAX UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2002

3. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2002	2001
	£	£
Depreciation	97,667	125,924
Profit on disposal of fixed assets	(7,156)	(4,640)
Auditors' remuneration		
- as auditors	7,500	7,500
- for other services	5,485	12,374
Net profit on foreign currency translation	<u>(2,894)</u>	<u>(11,205)</u>

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2002	2001
	No.	No.
Number of distribution staff	15	22
Number of administrative staff	14	14
	<u>29</u>	<u>36</u>

The aggregate payroll costs of the above were:

	2002	2001
	£	£
Wages and salaries	1,047,755	1,295,018
Social security costs	105,252	135,786
Other pension costs	28,602	28,386
	<u>1,181,609</u>	<u>1,459,190</u>

5. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	2002	2001
	£	£
Emoluments receivable	287,189	316,191
Value of company pension contributions to money purchase schemes	17,859	16,546
	<u>305,048</u>	<u>332,737</u>

PENDAX UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2002

5. DIRECTORS' EMOLUMENTS *(continued)***Emoluments of highest paid director:**

	2002 £	2001 £
Total emoluments (excluding pension contributions):	92,386	109,128
Value of company pension contributions to money purchase schemes	8,021	7,688
	<u>100,407</u>	<u>116,816</u>

The number of directors who are accruing benefits under company pension schemes was as follows:

	2002 No.	2001 No.
Money purchase schemes	<u>4</u>	<u>4</u>

6. INTEREST PAYABLE

	2002 £	2001 £
Interest payable on bank borrowing	1,626	8,338
Finance charges	2,933	4,205
	<u>4,559</u>	<u>12,543</u>

7. TAX ON PROFIT ON ORDINARY ACTIVITIES**(a) Taxation**

	2002 £	2001 £
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 24.70% (2001 - 29.30%)	29,855	86,290
Over/under provision in prior year	1,446	(11,167)
Total current tax	<u>31,301</u>	<u>75,123</u>
Deferred tax:		
Decrease in deferred tax provision	(15,430)	—
Tax on profit on ordinary activities	<u>15,871</u>	<u>75,123</u>

PENDAX UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2002

7. TAX ON PROFIT ON ORDINARY ACTIVITIES *(continued)*

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 24.70% (2001 - 29.30%).

	2002 £	2001 £
Profit on ordinary activities before taxation	<u>104,017</u>	<u>276,319</u>
Profit/(loss) on ordinary activities by rate of tax	25,692	80,961
Expenses not deductible for tax purposes	29,311	40,178
Capital allowances for year in excess of depreciation	(25,148)	(34,849)
Adjustment to tax charge in respect of previous periods	<u>1,446</u>	<u>(11,167)</u>
Total current tax (note 7(a))	<u>31,301</u>	<u>75,123</u>

8. DIVIDENDS

The following dividends have been paid in respect of the year:

	2002 £	2001 £
Dividend paid on ordinary shares	<u>100,000</u>	<u>100,000</u>

9. TANGIBLE FIXED ASSETS

	Leasehold Property £	Fixtures & Fittings £	Motor Vehicles £	Total £
COST				
At 1 January 2002	20,000	543,991	170,069	734,060
Additions	-	9,372	82,970	92,342
Disposals	-	-	(88,990)	(88,990)
At 31 December 2002	<u>20,000</u>	<u>553,363</u>	<u>164,049</u>	<u>737,412</u>
DEPRECIATION				
At 1 January 2002	16,234	370,587	149,275	536,096
Charge for the year	1,032	73,193	23,442	97,667
On disposals	-	-	(81,646)	(81,646)
At 31 December 2002	<u>17,266</u>	<u>443,780</u>	<u>91,071</u>	<u>552,117</u>
NET BOOK VALUE				
At 31 December 2002	<u>2,734</u>	<u>109,583</u>	<u>72,978</u>	<u>185,295</u>
At 31 December 2001	<u>3,766</u>	<u>173,404</u>	<u>20,794</u>	<u>197,964</u>

PENDAX UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2002

9. TANGIBLE FIXED ASSETS *(continued)*

Hire purchase agreements

Included within the net book value of £185,295 is £64,950 (2001 - £44,868) relating to assets held under hire purchase agreements. The depreciation charged to the accounts in the year in respect of such assets amounted to £17,141 (2001 - £33,618).

10. STOCKS

	2002 £	2001 £
Stock	<u>390,292</u>	<u>423,626</u>

11. DEBTORS

	2002 £	2001 £
Trade debtors	692,289	703,824
Other debtors	15,136	5,688
Prepayments and accrued income	170,591	135,496
Deferred taxation (note 12)	15,430	—
	<u>893,446</u>	<u>845,008</u>

12. DEFERRED TAXATION

	2002 £	2001 £
The movement in the deferred taxation account during the year was:		
Profit and Loss Account movement arising during the year	15,430	—
Balance carried forward	<u>15,430</u>	<u>—</u>

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

	2002		2001	
	Provided £	Unprovided £	Provided £	Unprovided £
Excess of taxation allowances over depreciation on fixed assets	15,430	—	—	16,989
	<u>15,430</u>	<u>—</u>	<u>—</u>	<u>16,989</u>

The company has included the deferred tax asset arising from the interaction of depreciation and capital allowances. The directors are of the opinion that suitable profits will arise in the future against which this asset can be recovered. This is based on budgets prepared by the directors.

PENDAX UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2002

13. CREDITORS: Amounts falling due within one year

	2002		2001
	£	£	£
Trade creditors	479,756		588,382
Other creditors including taxation and social security:			
Corporation tax	29,855		86,290
Other taxation and social security	156,237		111,480
Hire purchase agreements	21,867		8,672
Other creditors	3,711		15,647
	<u>691,426</u>		<u>810,471</u>
Accruals and deferred income	211,733		169,857
	<u>903,159</u>		<u>980,328</u>

14. CREDITORS: Amounts falling due after more than one year

	2002		2001
	£		£
Other creditors:			
Hire purchase agreements	<u>29,390</u>		<u>—</u>

15. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows:

	2002		2001
	£		£
Amounts payable within 1 year	21,867		8,672
Amounts payable between 3 and 5 years	29,390		—
	<u>51,257</u>		<u>8,672</u>

16. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2002 the company had annual commitments under non-cancellable operating leases as set out below.

	Land & Buildings		2001
	2002		£
	£		
Operating leases which expire:			
After more than 5 years	<u>122,176</u>		<u>122,176</u>

17. CONTINGENCIES

At 31 December 2002, counter indemnities totalling £10,000 were in existence (2001: £10,000).

PENDAX UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2002

18. RELATED PARTY TRANSACTIONS

During the year the company purchased on an arms length basis, goods to the value of £59,845 (2001:£75,525) from Octopus Limited, a business in which Mr J S Bedford has an interest. The company owed Octopus Limited £24,020 (2001:£7,816) at the year end.

19. SHARE CAPITAL

Authorised share capital:

	2002	2001
	£	£
10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

Allotted, called up and fully paid:

	2002	2001
	£	£
Ordinary share capital	<u>10,000</u>	<u>10,000</u>

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002	2001
	£	£
Profit for the financial year	88,146	201,196
Dividends	<u>(100,000)</u>	<u>(100,000)</u>
	(11,854)	101,196
Opening shareholders' equity funds	<u>634,424</u>	<u>533,228</u>
Closing shareholders' equity funds	<u>622,570</u>	<u>634,424</u>

21. PENSIONS - DEFINED CONTRIBUTION SCHEME

The company operates a defined contribution pension scheme for the benefit of the employees and directors. The assets of the scheme are administered by trustees in a fund independent from those of the company.

22. ULTIMATE PARENT UNDERTAKING

The company is a subsidiary undertaking of Pendax Holdings AB, a company incorporated in Sweden.

The consolidated accounts of this company are available to the public and may be obtained from:

Pendax Holdings AB
Post Box 2042
12202 Stockholm
Sweden