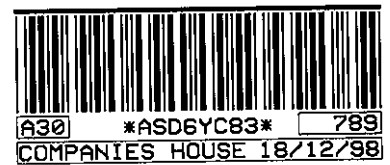


AATUSH DESAI LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MAY 1998

Company No. 02101493



AATUSH DESAI LIMITED

COMPANY INFORMATION
FOR THE YEAR ENDED 31ST MAY 1998

DIRECTORS: Mrs T A Patel
Mrs U P Patel

SECRETARY: Mrs U P Patel

REGISTERED OFFICE: 17 Farm Way
Burchurst Hill
Essex
IG9 5AH

REGISTERED NUMBER: 02101493 (England and Wales)

ACCOUNTANTS: A D Pandit & Co.
Chartered Certified Accountants & Registered Auditors
97 Watford Way
Hendon
London
NW4 4RS

BANKERS: Barclays Bank Plc
Loughton & Woodford Branch
33 The Broadway
Woodford Green
Essex
IG8 0HJ

AATUSH DESAI LIMITED

INDEX TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MAY 1998

Page No.

1 - 2	Directors' Report
3	Income and Expenditure Account
4 - 5	Balance Sheet
6 - 10	Notes to the Financial Statements
11	Detailed Income and Expenditure Account

AATUSH DESAI LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31ST MAY 1998

The directors present herewith their annual report, of the company for the year ended 31st May 1998.

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:

1. Select suitable accounting policies and then apply them consistently;
2. Make judgements and estimates that are reasonable and prudent;
3. 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. 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.

RESULTS AND DIVIDENDS

The profit for the year after taxation was £31,387.

A dividend is proposed of £16,000 (1997 £12,000)

{A dividend of £9,000 (1997 £6,400) was paid during the year}.

REVIEW OF THE BUSINESS

The company's principal activity during the year continued to be the provision of services as a computer bureau and agency. The directors are pleased with the company's overall trading results and envisage that the company's turnover and profit's will be sustained for the foreseeable future.

DIRECTORS AND THEIR INTERESTS

The directors of the company during the year and their interests in the share capital of the company at the end of the year were as follows:

	<u>Number of shares</u>	
	31st May 1998	31st May 1997
Mrs T A Desai	2	2
Mrs U P Patel	-	-

FIXED ASSETS

The movements in fixed assets during the year are set out in note 8 to the accounts.

AATUSH DESAI LIMITED

DIRECTORS' REPORT (CONT.)
FOR THE YEAR ENDED 31ST MAY 1998

ACCOUNTANTS

Messrs A D Pandit & Co. have expressed their willingness to continue to act as the company's accountants for the ensuing year. Since the company is entitled to exemption from an audit under section 249(2) of the Companies Act, 1985 and subject to the approval of the shareholders they will continue to act in the capacity of reporting accountants only.

By Order of the Board


Mrs U P Patel
(Secretary)

31st August, 1998

AATUSH DESAI LIMITED

INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31ST MAY 1998

	<u>Notes</u>	£	<u>1998</u> £	£	<u>1997</u> £
TURNOVER	2		108,879		60,473
COST OF SALES			65,255		43,053
GROSS PROFIT			43,624		17,420
ADMINISTRATION COSTS			4,489		3,948
OPERATING INCOME	3/4		39,135		13,472
Interest receivable	5	538	538	355	355
INCOME ON ORDINARY ACTIVITIES BEFORE TAXATION			39,673		13,827
Tax on ordinary activities	6		8,286		3,296
SURPLUS FOR THE YEAR			31,387		10,531
Dividends	7		25,000		18,400
LOSS FOR THE FINANCIAL YEAR			6,387		(7,869)

No activities have been acquired or discontinued during the two years ended 31st May, 1998.

All gains and losses recognised during the year have been included in the income and expenditure account above.

The notes on pages 6 to 10 form part of these financial statements.

AATUSH DESAI LIMITED

BALANCE SHEET

AS AT 31ST MAY 1998

	<u>Notes</u>	£	<u>1998</u> £	£	<u>1997</u> £
FIXED ASSETS					
Tangible assets	8		106		125
CURRENT ASSETS					
Debtors	9	4,000		3,283	
Cash at bank and in hand		33,450		19,537	
		<u>37,450</u>		<u>22,820</u>	
CREDITORS - amounts falling due within one year	10	(26,566)		(18,342)	
NET CURRENT ASSETS			10,884		4,478
NET ASSETS			<u>£ 10,990</u>		<u>£ 4,603</u>

Financed by:

CAPITAL AND RESERVES

Called up share capital	11	2	2
Income and expenditure account	12	10,988	4,601
SHAREHOLDERS FUNDS	13	<u>£ 10,990</u>	<u>£ 4,603</u>

For the year in question the company was entitled to exemption from an audit under S249A(1) of the Companies Act. No notice has been deposited under section 249B(2) of the Act in relation to the financial statements for the year.

AATUSH DESAI LIMITED

BALANCE SHEET

AS AT 31ST MAY 1998

The directors acknowledge their responsibilities for:

- a) ensuring that the company keeps accounting records which comply with section 221 of the Companies Act; and
- b) preparing financial statements 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 or loss for the financial year in accordance with the requirements of section 226 of the Companies Act 1985 and which otherwise comply with the requirements of that Act relating to financial statements so far as applicable to the company.

In preparing these financial statements the directors have taken advantage of the exemptions conferred by section A of Part III of Schedule 8 of the Companies Act 1985 on the grounds that the company qualifies as a small company under sections 246 and 247 of the Companies Act 1985.

The notes on pages 6 to 10 form part of these financial statements.

The financial statements were approved by the Board on 18th August, 1998 and signed on its behalf by

...T...pt... Desai
Mrs T A Desai
(Director)

AATUSH DESAI LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MAY 1998

1. ACCOUNTING POLICIES

1.1 Accounting conventions

The financial statements are prepared under the historical cost convention.

1.2 Turnover

This represents the invoiced amounts for consultancy, technical support and other ancilliary servives provided, net of value added tax.

1.3 Depreciation of tangible assets

Provision is made for depreciation on all tangible assets, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset over its expected useful life, as follows:

Furniture, fixtures

and equipment: 15.0% per annum on a reducing balance basis

1.4 Cashflow statement

The company has adopted Financial Reporting Standard No 1 and has applied the small company exemption thereto.

2. TURNOVER

The turnover and pre-tax Profit are wholly attributable to the company's main activity.

The turnover arises entirely in the U.K.

3. OPERATING INCOME

This is stated after charging (crediting):

Staff costs (see note 4)
Accountant's remuneration
Depreciation

1998
£

1997
£

3,380

3,020

950

825

19

22

AATUSH DESAI LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MAY 1998

- continued

4. EMPLOYEE INFORMATION

4.1 Staff costs:

Wages and salaries

<u>1998</u>	<u>1997</u>
<u>£</u>	<u>£</u>
3,380	3,020
<u>£ 3,380</u>	<u>£ 3,020</u>

4.2 The average weekly number of employees during the year was made up as follows:

Office and management

<u>No.</u>	<u>No.</u>
2	2
<u>2</u>	<u>2</u>

5. INTEREST RECEIVABLE

Bank interest

<u>1998</u>	<u>1997</u>
<u>£</u>	<u>£</u>
538	355
<u>£ 538</u>	<u>£ 355</u>

6. TAXATION

6.1 The tax charge on the Profit on ordinary activities for the year was as follows:

U.K corporation tax at 21% (1997 - 24% & 21%)

8,332	3,296
<u>8,332</u>	<u>3,296</u>

Taxation (over)/underprovided in previous years:

Corporation tax

(46)	-
<u>£ 8,286</u>	<u>£ 3,296</u>

6.2 The company is a close company within the terms of section 282 of the Taxes Act, 1970.

AATUSH DESAI LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MAY 1998

- continued

7. DIVIDENDS

<u>1998</u>	<u>1997</u>
<u>£</u>	<u>£</u>
Interim dividend paid: £3,200 per share (1997 £0 per share)	9,000 6,400
Final dividend proposed: £6,000 per share.	16,000 12,000
<u>£ 25,000</u>	<u>£ 18,400</u>

8. TANGIBLE FIXED ASSETS

	<u>Furniture, fixtures & equipment</u>
	<u>£</u>
Cost:	
At 1st June 1997 & At 31st May 1998	570
Depreciation:	
At 1st June 1997	445
Charge for year	19
At 31st May 1998	464
Net book value at 31st May 1998	<u>£ 106</u>
Net book value at 31st May 1997	<u>£ 125</u>

9. DEBTORS

<u>1998</u>	<u>1997</u>
<u>£</u>	<u>£</u>
Social security and other taxes	4,000 3,000
Other debtors	- 283
<u>£ 4,000</u>	<u>£ 3,283</u>

AATUSH DESAI LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MAY 1998

- continued

10. CREDITORS - AMOUNTS FALLING DUE
WITHIN ONE YEAR

	<u>1998</u>	<u>1997</u>
	£	£
Corporation tax	3,207	1,696
Other taxes and social security costs	2,409	821
Accruals	950	825
Proposed dividend	16,000	12,000
Related advance corporation tax	4,000	3,000
	<u>£ 26,566</u>	<u>£ 18,342</u>

11. SHARE CAPITAL

Equity interests:

Authorised Allotted, Issued
and fully paid

	<u>1998</u>	<u>1997</u>
£	£	£
2 Ordinary shares of £1 each	<u>1,000</u>	<u>2</u>

12. STATEMENT OF MOVEMENTS ON RESERVES

	<u>Profit and</u> <u>loss account</u>	
	<u>1998</u>	<u>1997</u>
	£	£
As at 1st June 1997	4,601	12,470
Surplus for the financial year	6,387	(7,869)
As at 31st May 1998	<u>£10,988</u>	<u>£ 4,601</u>

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS

	<u>1998</u>	<u>1997</u>
	£	£
Opening shareholders funds	4,603	12,472
Profit/(Loss) for the financial year	6,387	(7,869)
Closing shareholders funds	<u>£ 10,990</u>	<u>£ 4,603</u>

AATUSH DESAI LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MAY 1998

- continued

14 **TRANSACTIONS WITH RELATED PARTIES**

The cost of bought-in-services were provided by 'Bits and Bytes' of which Mr A Desai is the proprietor. He is also the husband of the director, Mrs T A Desai. The value of all services provided were under normal commercial terms.

15 **CONTROL OF THE COMPANY**

For the whole year, the company was under the control of Mrs T A Desai and Mrs U P Desai, the directors of the company. Mrs T A Desai is also the shareholder of the company.

AATUSH DESAI LIMITED

DETAILED INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31ST MAY 1998

	£	<u>1998</u> £	£	<u>1997</u> £
Charges for services rendered		108,879		60,473
LESS:				
Cost of bought-in-services	65,255	<u>(65,255)</u>	43,053	<u>(43,053)</u>
GROSS PROFIT		43,624		17,420
ADMINISTRATIVE EXPENSES				
General expenses:				
Directors' remuneration	3,380		3,020	
Financial expenses:				
Accountancy fees	950		825	
Bank charges	74		63	
Sundry expenses	51		-	
Registrar of Companies	15		18	
Depreciation:				
Fixtures, fittings & equipment	19		22	
	<u>4,489</u>		<u>3,948</u>	
TOTAL OVERHEAD EXPENSES		4,489		3,948
NET INCOME FOR THE YEAR		<u>£ 39,135</u>		<u>£ 13,472</u>