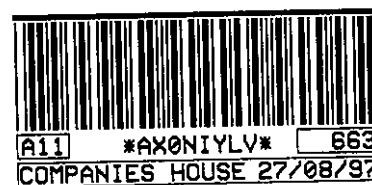


2227183

**COMLINE TRADE LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 1997**

**Blackstone**  
**Franks**



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**COMPANY INFORMATION**

<b>COMPANY NUMBER</b>	2227183
<b>DIRECTORS</b>	M.C. Kamdar (Chairman) D.M. Kamdar A.D. Kamdar N.K. Popat
<b>SECRETARY</b>	D.M. Kamdar
<b>REGISTERED OFFICE</b>	1. Jardine House Harrobian Business Village Bessborough Road Harrow Middlesex HA1 3EX
<b>AUDITORS</b>	Blackstone Franks & Co. Barbican House 26-34 Old Street London EC1V 9HL
<b>BANKERS</b>	Citibank N.A. 41 Berkeley Square London W1X 6NA  National Westminster Bank Plc 315 Station Road Harrow Middlesex HA1 2AD
<b>SOLICITORS</b>	Everatt's Solicitors 2nd Floor 88-98 College Road Harrow Middlesex HA1 1BQ

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## REPORT OF THE DIRECTORS

The directors present the company's annual report and audited financial statements for the year ended 31 March 1997.

### 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 year. 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;
- 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.

### Principal activity

The principal activity of the company in the year under review was the wholesale distribution of motor car spare parts and other general merchandise.

### Review of business

The company has had a satisfactory trading year. The company's balance sheet as detailed on page 7 shows a satisfactory position and the results for the year are shown in the profit and loss account on page 5.

### Directors and their interests

The directors who served during the year and their interests in the share capital of the company are as follows:

	<i>Ordinary Shares of £1 each</i>	
	<b>1997</b>	<b>1996</b>
M.C. Kamdar	-	-
D.M. Kamdar	75	75
A.D. Kamdar	-	-
N.K. Popat	25	25

**REPORT OF THE DIRECTORS (continued)**

**Political and charitable contributions**

During the year the company made charitable contributions of £19,602.

**Close company**

The company is a close company within the provision of the Income and Corporation Taxes Act 1988.

**Auditors**

A resolution to reappoint Blackstone Franks & Co., Chartered Accountants as auditors will be put to the members at the annual general meeting.

**Small company exemptions**

The directors have taken advantage of the exemptions conferred by Part II of Schedule 8 to the Companies Act 1985.

**By order of the board**



Secretary: D.M. Kamdar

Date: 7/8/97

**REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF  
COMLINE TRADE LIMITED**

We have audited the financial statements on pages 5 to 13 which have been prepared under the historical cost convention and the accounting policies set out on page 8 and 9.

**Respective responsibilities of directors and auditors**

As described on page 2, 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.

**Qualified opinion arising from disagreement about accounting treatment**

No provision has been made for amortisation of freehold buildings. This is not in accordance with the requirements of statement of Standard Accounting Practice No. 12 and of Schedule 4 to the Companies Act 1985. It is not possible to quantify the effect on the accounts of such non-compliance.

Except for the absence of the above provision, in our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 1997 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985 applicable to small companies.



**BLACKSTONE FRANKS & CO.**  
Chartered Accountants and  
Registered Auditors

Date: 7 August 1997

Ref: SVT/C617

Barbican House  
26-34 Old Street  
London EC1V 9HL

Tel: 0171 250 3300

Fax: 0171 250 1402

**PROFIT AND LOSS ACCOUNT**  
for the year ended 31 March 1997

Note		1997 £	1996 £
2	<b>TURNOVER</b>	<b>2,214,138</b>	<b>1,164,238</b>
	Cost of sales	(1,798,485)	(832,180)
	<b>GROSS PROFIT</b>	<b>415,653</b>	<b>332,058</b>
	Distribution costs	(135,602)	(58,144)
	Administrative expenses	(308,216)	(135,749)
	Other operating income	8,848	3,371
3	<b>OPERATING (LOSS)/PROFIT</b>	<b>(19,317)</b>	<b>141,536</b>
	Interest receivable	169	378
	Interest payable and similar charges	(64,069)	(45,848)
	<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<b>(83,217)</b>	<b>96,066</b>
4	Tax	17,103	(22,915)
	<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>	<b>(66,114)</b>	<b>73,151</b>
	Proposed dividend on equity shares	-	(70,000)
	<b>RETAINED (LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>	<b>(66,114)</b>	<b>3,151</b>
	Retained profit/(loss) brought forward	3,086	(65)
	<b>RETAINED (LOSS)/PROFIT CARRIED FORWARD</b>	<b>£(63,028)</b>	<b>£3,086</b>

**CONTINUING OPERATIONS**

None of the company operations were acquired or discontinued during the above two financial years.

The notes on pages 8 to 13 form part of these financial statements

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**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>	<b>(63,028)</b>	<b>3,151</b>
Unrealised surplus on revaluation of freehold property	<b>14,902</b>	<b>-</b>
<b>TOTAL RECOGNISED (LOSSES)/GAINS RELATING TO THE YEAR</b>	<b>£(48,126)</b>	<b>£3,151</b>

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The notes on pages 8 to 13 form part of these financial statements

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**BALANCE SHEET**  
as at 31 March 1997

Note		1997 £	1996 £
	<b>FIXED ASSETS</b>		
5	Tangible assets	315,450	316,662
	<b>CURRENT ASSETS</b>		
6	Stock	443,971	336,956
7	Debtors	587,558	594,806
	Cash at bank and in hand	1,832	16,266
		1,033,361	948,028
8	<b>CREDITORS: Amounts falling due within one year</b>	(1,219,510)	(1,075,825)
	<b>NET CURRENT LIABILITIES</b>	(186,149)	(127,797)
	<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	129,301	188,865
9	<b>CREDITORS: Amounts falling due after more than one year</b>	(177,327)	(185,679)
	<b>NET (LIABILITIES)/ASSETS</b>	£(48,026)	£3,186
	<b>CAPITAL AND RESERVES</b>		
10	Called-up share capital	100	100
11	Revaluation reserve	14,902	-
11	Profit and loss account	(63,028)	3,086
	<b>TOTAL SHAREHOLDERS' FUNDS</b>	£(48,026)	£3,186

The directors have taken advantage of special exemptions conferred by Part I of Schedule 8 to the Companies Act 1985 applicable to small companies in the preparation of the financial statements and have done so on the grounds that, in their opinion, the company is entitled to those exemptions as a small company.

Approved by the Board and signed on its behalf by:

*D.M. Kamdar*

Director: D.M. Kamdar

*N.K. Popat*

Director: N.K. Popat

Date: 7/8/97

The notes on pages 8 to 13 form part of these financial statements

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**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 March 1997

**1. ACCOUNTING POLICIES**

a) Basis of accounting

The financial statements have been prepared in accordance with applicable Accounting Standards under the historical cost convention, modified to include the revaluation of freehold land and buildings.

b) Depreciation

Depreciation of fixed assets is calculated to write off the cost or valuation less residual value over their estimated useful lives as follows:

	% per annum	
Motor vehicles	25%	Straight line
Fixtures, fittings and office equipment	25%	Straight line

No depreciation is provided on freehold buildings as the property is well maintained and, in the directors opinion, the net realisable value of the property exceeds the net book value.

c) Stock

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost is computed on a first in, first out basis and includes all costs incurred in bringing it to its present location and condition. Net realisable value is based on estimated selling price less any further costs to completion and disposal.

d) Foreign currencies

Assets and liabilities denominated in foreign currencies are translated into sterling at the rate 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. All profits and losses on exchange are taken to the profit and loss account.

e) Hire purchase commitments

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their estimated useful lives. The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a consistent proportion of the balance of capital repayments outstanding. Rentals paid under operating leases are taken to the profit and loss account on a straight line basis over the lease term.

f) Pensions

Pension contributions are charged to the profit and loss account in the year of payment. These contributions are invested separately from the company's assets.

**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 March 1997

**1. ACCOUNTING POLICIES (continued)****g) Deferred tax**

Deferred tax is provided on the liability method on all short term timing differences and on all material differences at the current rate of tax, unless this is a reasonable probability that such a liability will not arise in the foreseeable future.

**2. TURNOVER**

Turnover represents the amount derived from the provision of goods and services which fall within the company's ordinary activities stated net of value added tax.

Turnover attributable to geographical markets outside the United Kingdom amounted to 72% (1996: 75%).

	1997 £	1996 £
<b>3. OPERATING (LOSS)/PROFIT</b>		
Operating (loss)/profit is stated after charging/(crediting):		
Depreciation of owned fixed assets	10,600	3,319
Depreciation of assets held under hire purchase contracts	8,380	7,558
Directors' emoluments	158,746	37,486
Auditors' remuneration	2,500	1,850
Rent received	(8,848)	(3,371)
<b>4. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES</b>		
U.K. corporation tax (credit)/charge	(17,103)	22,707
Underprovision in previous years	-	208
	<b>£(17,103)</b>	<b>£22,915</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 March 1997

**5. TANGIBLE FIXED ASSETS**

	Freehold property £	Fixtures fittings, and Office equipment £	Motor vehicles £	Total £
<b>Cost:</b>				
As at 1 April 1996	257,098	41,025	33,520	331,643
Additions/revaluation	14,902	2,866	-	17,768
As at 31 March 1997	<b>272,000</b>	<b>43,891</b>	<b>33,520</b>	<b>349,411</b>

**Depreciation:**

As at 1 April 1996	-	7,423	7,558	14,981
Provided for the year	-	10,600	8,380	18,980
As at 31 March 1997	-	<b>18,023</b>	<b>15,938</b>	<b>33,961</b>

**Net Book Value:**

As at 31 March 1997	<b>£272,000</b>	<b>£25,868</b>	<b>£17,582</b>	<b>£315,450</b>
As at 31 March 1996	£257,098	£33,602	£25,962	£316,662

The freehold land and buildings were valued at their open market value for existing use on 31 March 1997 by an independent professional surveyors and valuers. The revalued assets are not being depreciated.

Included in the above are assets held under hire purchase contracts as follows:-

	1997	1996
Motor vehicles: Net book values	<b>£17,582</b>	£25,962
Motor vehicles: Depreciation charge for the year	<b>£8,380</b>	£7,558

Net obligations under hire purchase contracts are secured on the assets acquired.

**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 March 1997

	1997 £	1996 £
<b>6. STOCK</b>		
Stock	<b>£443,971</b>	<b>£336,956</b>

<b>7. DEBTORS</b>		
Trade debtors	<b>521,347</b>	450,505
Other debtors	<b>62,756</b>	144,301
Prepayments	<b>3,455</b>	-
	<b>£587,558</b>	<b>£594,806</b>

Included in other debtors are directors' overdrawn current account balances of £17,398 and £7,000 for Mr. D.M. Kamdar and Mr. N.K. Popat respectively. The maximum amounts outstanding during the year were £36,944 and £17,750 respectively.

<b>8. CREDITORS</b>		
<b>Amounts falling due within one year:</b>		
Bank loans and overdrafts (secured)	<b>949,476</b>	739,025
Trade creditors	<b>162,261</b>	91,087
Corporation tax payable	-	22,707
ACT payable	<b>17,500</b>	17,500
Other taxes and social security costs	<b>1,644</b>	29,859
Proposed dividend	-	70,000
Net obligations under hire purchase contracts	<b>8,925</b>	8,925
Other creditors and accruals	<b>79,704</b>	96,722
	<b>£1,219,510</b>	<b>£1,075,825</b>

<b>9. CREDITORS</b>		
<b>Amounts falling due after more than one year:</b>		
Bank loans and overdrafts (secured)	<b>175,000</b>	175,000
Net obligations under hire purchase contracts	<b>1,315</b>	10,679
Other creditors	<b>1,012</b>	-
	<b>£177,327</b>	<b>£185,679</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 March 1997

	1997 £	1996 £
<b>10. SHARE CAPITAL</b>		
<b>Authorised:</b>		
Equity interests:		
100,000 ordinary shares of £1 each	<b>£100,000</b>	<b>£100,000</b>
<b>Allotted, called up, and fully paid:</b>		
Equity interests:		
100 ordinary shares of £1 each	<b>£100</b>	<b>£100</b>
<b>11. RESERVES</b>		
	Revaluation reserve £	Profit and loss account £
At 1 April 1996	-	3,086
Retained loss for the year	-	(66,114)
Surplus on revaluation at 31 March 1997	14,902	-
	<b>£14,902</b>	<b>£(63,028)</b>
<b>12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS</b>		
(Loss)/profit for the year	(66,114)	73,151
Proposed dividend	-	(70,000)
Revaluation reserve	14,902	-
	(51,212)	3,151
Opening shareholders' funds	3,186	35
Closing shareholders' funds	<b>£(48,026)</b>	<b>£3,186</b>
<b>13. PENSION COSTS</b>		

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions paid by the company to the fund and amounted to £59,425 (1996: £2,880).

**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 March 1997

**14. TRANSACTIONS WITH DIRECTORS AND RELATED PARTIES**

Turnover includes £1,596 (1996: £20,334) of sales to Exim Trade (Kenya) Limited a company of which Mr. M.C. Kamdar is a director and shareholder. At the balance sheet date the amount due from Exim Trade (Kenya) Limited was £39,866 (1996: £41,462)..

Turnover includes £43,438 of sales to Unicom Parts, a partnership between the two directors D.M. Kamdar and N.K. Popat. At the balance sheet date the amount due from Unicom Parts was £6,446.

Turnover includes £5,920 of sales to McCloy Holdings Limited, a company in which D.M. Kamdar was a director. D.M. Kamdar resigned as director of McCloy Holdings on 25 June 1996.

**15. GOING CONCERN**

During the year the company made a loss on ordinary activities before taxation of £83,217 and at the year end its liabilities exceeded its assets by £48,026. The company has prepared the accounts on a going basis, because of the continued financial support of the bank and the directors. Should this support no longer be available, the company would have to re-state its fixed term liabilities as current liabilities and make any necessary provisions.