

Registration Number 2233658

Reg. of Co.

FARRUKH SYSTEMS LIMITED

Director's Report and Financial Statements

for the year ended 31 March 1998

Prepared By:-

RIZVI & CO
Chartered Accountants & Registered Auditors
90 Whitton Road
Hounslow, Middx. TW3 2DQ



FARRUKH SYSTEMS LIMITED

Company Information

Director	M.E.H. Khan
Secretary	M.I.H. Khan
Company Number	2233658
Registered Office	90 Whitton Road Hounslow Middx. TW3 2DQ
Auditors	Rizvi & Co Chartered Accountants & Registered Auditors 90 Whitton Road Hounslow Middx. TW3 2DQ Tel: 0181-572 6193 Fax: 0181-572 6209

FARRUKH SYSTEMS LIMITED

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FARRUKH SYSTEMS LIMITED

**Director's Report
for the year ended 31 March 1998**

The director presents his report and the financial statements for the year ended 31 March 1998.

Principal Activity

The principal activity of the company during the year was that of computer consultants and software developers, distributors and wholesalers.

Director and his Interest

The director who served during the year and his interest in the company are as stated below:

	Class of share	Number of shares	
		1998	1997
M.E.H. Khan	Ordinary shares of £1 each	100	99

Director's Responsibilities

Company law requires the director to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the company and of the profit or loss of the company for that year. In preparing these the director is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements based on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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.

Auditors

The company has by elective resolution under Section 386(1) of the Companies Act 1985 dispensed with the annual reappointment of the auditors. Rizvi & Co will be deemed to be reappointed for each succeeding financial year.

In the preparation of this report the director has taken advantage of the special exemptions applicable to small companies as conferred by Part II of Schedule 8 of the Companies Act 1985.

This report was approved by the Board on 12th September 1998 and signed on its behalf by



**M.E.H. Khan
Director**

FARRUKH SYSTEMS LIMITED

Auditors' Report to the Shareholders of FARRUKH SYSTEMS LIMITED

We have audited the financial statements on pages 3 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 5.

Respective responsibilities of director and auditors

As described on page 1 the company's director is 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

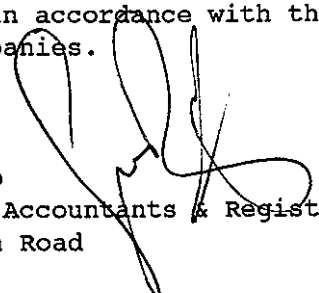
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the director in the preparation of the financial statements, and 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.

We were not invited to attend at the stock-take of the company. We have however taken alternative audit procedures to quantify the stock, which was not material in relation to the turnover of the company, at the balance sheet date.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at the 31 March 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985 as applicable to small companies.



Rizvi & Co
Chartered Accountants & Registered Auditors
90 Whitton Road
Hounslow
Middx. TW3 2DQ

12th September 1998

FARRUKH SYSTEMS LIMITED

**Profit and Loss Account
for the year ended 31 March 1998**

		<u>Continuing operations</u>	
		1998	1997
	Notes	£	£
Turnover	2	594,956	400,528
Cost of sales		(73,113)	(55,170)
Gross profit		<u>521,843</u>	<u>345,358</u>
Administrative expenses		(432,290)	(331,801)
Operating profit	3	<u>89,553</u>	<u>13,557</u>
Interest payable and similar charges	4	(6,809)	(2,790)
Profit on ordinary activities before taxation		<u>82,744</u>	<u>10,767</u>
Tax on profit on ordinary activities	6	(12,217)	-
Retained profit for the year		<u>70,527</u>	<u>10,767</u>
Accumulated (loss) brought forward		(33,594)	(44,361)
Retained profit/(loss) carried forward		<u><u>36,933</u></u>	<u><u>(33,594)</u></u>

There are no recognised gains or losses other than the profit or loss for the above two financial years.

The notes on pages 5 to 9 form an integral part of these financial statements.

FARRUKH SYSTEMS LIMITED

**Balance Sheet
as at 31 March 1998**

	Notes	1998 £	1997 £
Fixed Assets			
Tangible assets	7	22,230	18,503
Current Assets			
Stocks		5,500	9,500
Debtors	8	150,784	99,159
Cash at bank and in hand		4,542	10,176
		<u>160,826</u>	<u>118,835</u>
Creditors: amounts falling due within one year	9	<u>(146,023)</u>	<u>(170,832)</u>
Net Current Assets/(Liabilities)		<u>14,803</u>	<u>(51,997)</u>
Total Assets Less Current Liabilities		<u>37,033</u>	<u>(33,494)</u>
Capital and Reserves			
Called up share capital	10	100	100
Profit and loss account		36,933	(33,594)
Equity Shareholders' Funds	11	<u>37,033</u>	<u>(33,494)</u>

In preparing these financial statements:

- Advantage has been taken, in the preparation of the financial statements, of special exemptions applicable to small companies.

- In the opinion of the director the company is entitled to those exemptions on the basis that it qualifies as a small company under Section 247 of the Companies Act 1985.

The financial statements were approved by the Board on 12th September 1998 and signed on its behalf by:



M.E.H. Khan
Director

The notes on pages 5 to 9 form an integral part of these financial statements.

FARRUKH SYSTEMS LIMITED

**Notes to the Financial Statements
for the year ended 31 March 1998**

1. Accounting Policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

The company has taken advantage of the exemption in FRS1 from the requirement to produce a cashflow statement because it is a small company.

1.2 Turnover

Turnover represents the total invoice value, excluding value added tax, of goods and services provided and is wholly attributable to the principal activity of the company.

1.3 Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Fixtures, fittings and equipment	- 20% reducing balance
-------------------------------------	------------------------

1.4 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.5 Stock

Stock is valued at the lower of cost and net realisable value.

1.6 Deferred taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the director considers that a liability to taxation is unlikely to materialise.

FARRUKH SYSTEMS LIMITED

**Notes to the Financial Statements
for the year ended 31 March 1998**

2. Turnover

	Turnover	
	1998 £	1997 £
Geographical market		
UK	448,402	221,178
Europe	111,983	72,700
Rest Of The World	34,571	106,650
	<u>594,956</u>	<u>400,528</u>

Turnover and pre-tax profit are wholly attributable to the company's principal activity.

Turnover attributable to geographical markets outside the United Kingdom amounted to 24.63% for the year.

3. Operating profit

	1998 £	1997 £
Operating profit is stated after charging:		
Depreciation of tangible assets	3,923	3,268
Hire of plant and machinery	4,265	-
Operating lease rentals		
- Plant and machinery	2,070	-
Auditors' remuneration	2,000	2,000
	<u> </u>	<u> </u>
and after crediting:		
Profit on disposal of tangible fixed assets	-	253
	<u> </u>	<u> </u>

4. Interest payable and similar charges

	1998 £	1997 £
On bank loans and overdrafts	<u>6,809</u>	<u>2,790</u>

Interest payable was on loans and overdrafts wholly repayable within 5 years.

5. Director's emoluments

	1998 £	1997 £
Remuneration		
Director's emoluments	<u>30,000</u>	<u>30,000</u>

FARRUKH SYSTEMS LIMITED

**Notes to the Financial Statements
for the year ended 31 March 1998**

6. Taxation	1998	1997
	£	£
UK current year taxation		
UK Corporation Tax at 21% (1997 - 23%)	11,080	-
	<hr/>	<hr/>
	11,080	-
Prior years		
UK Corporation Tax	1,137	-
	<hr/>	<hr/>
	12,217	-
	<hr/>	<hr/>
 7. Tangible assets		
	Plant and machinery and other	Total
	£	£
Cost		
At 1 April 1997	50,268	50,268
Additions	7,650	7,650
	<hr/>	<hr/>
At 31 March 1998	57,918	57,918
	<hr/>	<hr/>
Depreciation		
At 1 April 1997	31,765	31,765
Charge for the year	3,923	3,923
	<hr/>	<hr/>
At 31 March 1998	35,688	35,688
	<hr/>	<hr/>
Net book values		
At 31 March 1998	22,230	22,230
	<hr/>	<hr/>
At 31 March 1997	18,503	18,503
	<hr/>	<hr/>
 8. Debtors	1998	1997
	£	£
Trade debtors	150,784	99,159
	<hr/>	<hr/>

FARRUKH SYSTEMS LIMITED

**Notes to the Financial Statements
for the year ended 31 March 1998**

9. Creditors: amounts falling due within one year	1998 £	1997 £
Bank overdraft	8,644	14,431
Bank loan	9,584	9,584
Trade creditors	33,836	34,237
Corporation tax	12,334	1,254
Other taxes and social security costs	65,772	88,776
Director's accounts	4,103	14,563
Other creditors	-	370
Accruals and deferred income	11,750	7,617
	<u>146,023</u>	<u>170,832</u>

10. Share capital	1998 £	1997 £
Authorised equity		
100 Ordinary shares of £1 each of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid equity		
100 Ordinary shares of £1 each of £1 each	<u>100</u>	<u>100</u>

11. Reconciliation of movements in shareholders' funds	1998 £	1997 £
Profit for the year	70,527	10,767
Opening shareholders' funds	(33,494)	(44,261)
	<u>37,033</u>	<u>(33,494)</u>

12. Financial commitments

At 31 March 1998 the company had annual commitments under non-cancellable operating leases as follows:

	Equip & Other 1998 £
Expiry date:	
Within one year	2,045
Between one and five years	2,045
	<u>4,090</u>

FARRUKH SYSTEMS LIMITED

**Notes to the Financial Statements
for the year ended 31 March 1998**

13. Going concern

The director has prepared these financial statements on the basis that the company's creditors will not withdraw their facilities in the foreseeable future.

FARRUKH SYSTEMS LIMITED

**Detailed Trading and Profit and Loss Account
for the year ended 31 March 1998**

	1998		1997	
	£	£	£	£
Sales		594,956		400,528
Cost of sales				
Opening stock	9,500		8,850	
Purchases, packing & freight	22,961		11,237	
Professional assistance	44,082		44,583	
Leasing of plant and machinery	2,070		-	
	<u>78,613</u>		<u>64,670</u>	
Closing stock	(5,500)		(9,500)	
		<u>(73,113)</u>		<u>(55,170)</u>
Gross profit	<u>87.71%</u>	521,843	<u>86.23%</u>	345,358
Administrative expenses	<u>432,290</u>		<u>331,801</u>	
		<u>(432,290)</u>		<u>(331,801)</u>
Operating profit		89,553		13,557
Other income and expenses				
Bank interest	5,988		1,547	
Bank loan interest	821		1,243	
	<u></u>	<u>(6,809)</u>	<u></u>	<u>(2,790)</u>
Net profit for the year		<u>82,744</u>		<u>10,767</u>

FARRUKH SYSTEMS LIMITED

Administrative Expenses
for the year ended 31 March 1998

	1998 £	1997 £
Administrative expenses		
Wages and salaries	177,165	139,951
Director's remuneration	30,000	30,000
Employer's NI contributions	19,934	17,534
Training & recruitment costs	2,300	75
Commissions payable	2,038	310
Use of premises	6,000	-
Rent & office costs	35,618	41,793
Insurance	592	1,014
Repairs and maintenance	2,044	-
Printing, postage and stationery	12,811	8,106
Advertising & exhibition costs	41,205	27,704
Technical publications	2,625	1,544
Telephone	23,665	18,299
Computer costs	7,913	5,808
Hire of equipment	4,265	-
Motor & travelling	36,498	20,199
Entertaining	3,860	1,465
Legal and professional	2,636	500
Annual Return fees	30	18
Accountancy	2,958	3,857
Audit	2,000	2,000
Bank charges	4,746	2,673
Bad debts	0	0
Staff welfare	3,641	2,542
General expenses	3,497	3,244
Subscriptions	326	150
Depreciation on FF & Equipment	3,923	3,268
Profits/losses on disp of f.assets	-	(253)
	<u>432,290</u>	<u>331,801</u>