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K S L TRADING AND MARKETING LIMITED

**DIRECTORS' REPORT AND ACCOUNTS
FOR THE PERIOD ENDED 31 MARCH 1997**



K S L TRADING AND MARKETING LIMITED

Director	Karen Sparkes
Secretary	H B J Secretarial Limited
Registered Office	19 Ainslie Place Edinburgh
Company Number	SC 159770
Bankers	Midland Bank plc 76 Hanover Street Edinburgh
Auditors	Winton & Co 16 Hamilton Street Broughty Ferry Dundee
Solicitors	Henderson Boyd Jackson 19 Ainslie Place Edinburgh

K S L TRADING AND MARKETING LIMITED

DIRECTORS' REPORT

The director submit her report together with the audited statement of accounts for the period ended 31st March 1997.

Principal Activities

The principal activity of the company is the wholesale distribution of office furniture.

Directors and Directors' Interests

The directors of the company throughout the period were :

K Sparkes

G Mulvaney (resigned 22/8/97)

The directors' interests, including family interests, in the share capital of the company at 31st March 1997 are as follows :

		Ordinary £1 Shares	
		31/3/97	31/1/97
K Sparkes		500	500
G Mulvaney			-

Small Company Exemption

In preparing the above report, the directors have taken advantage of special exemptions conferred by Part VII of the Companies Act 1985, applicable to small companies.

BY ORDER OF THE BOARD

Director

HBJ Secretarial Limited

H B J Secretarial Limited
Secretary

24th January 1998.

K S L TRADING AND MARKETING LIMITED

PROFIT AND LOSS ACCOUNT FOR THE PERIOD 1 FEBRUARY 1997 TO 31 MARCH 1997

	Notes	Period to 31/3/97	Period to 31/1/97
Turnover	1	£122,774	£664,095
Cost of Sales		100,218	500,115
GROSS PROFIT		£ 22,556	£163,980
Administration Costs		27,797	153,229
		<hr/> £(5,241)	<hr/> £ 10,751
Interest Payable	3	1,129	3,685
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	2	<hr/> £(6,370)	<hr/> £ 7,066
Tax on Profit on Ordinary Activities	4	(1,480)	1,891
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		<hr/> £(4,890)	<hr/> £ 5,175
Retained Profit brought forward		5,175	-
RETAINED PROFIT carried forward		<hr/> £ 285	<hr/> £ 5,175

All activities of the company are continuing activities. There are no recognised gains or losses other than those included in the profit and loss account. A statement of movement of shareholders' funds has not been provided as the only movement is the retained profit for the period.

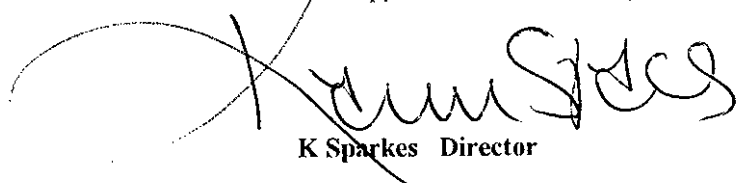
K S L TRADING AND MARKETING LIMITED

BALANCE SHEET AS AT 31 MARCH 1997

	Notes	31/3/97	31/1/97
FIXED ASSETS	5	£ 11,339	£ 11,429
CURRENT ASSETS			
Debtors	6	£118,799	£183,633
Stock	1	36,508	25,337
Cash in Hand		53	45
		£155,360	£209,015
CREDITORS			
Amounts falling due within one year	7	163,794	212,389
NET CURRENT LIABILITIES		£(8,434)	£(3,374)
		£ 2,905	£ 8,055
CREDITORS			
Amounts falling due after more than one year	8	1,620	1,880
TOTAL ASSETS		£ 1,285	£ 6,175
SHARE CAPITAL AND RESERVES			
Share Capital	9	£ 1,000	£ 1,000
Profit and Loss Account		285	5,175
SHAREHOLDERS' FUNDS		£ 1,285	£ 6,175

The director has taken advantage of special exemptions conferred by Part VII of the Companies Act 1985 applicable to small companies on the grounds that in her opinion the company is small and is therefore entitled to those exemptions.

These accounts were approved on 23rd January 1998.


K Sparkes Director

K S L TRADING AND MARKETING LIMITED

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

a) Accounting Convention

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

b) Tangible Fixed Assets and Depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of each asset over its expected useful life on the following basis :

Fixtures & Fittings - 20% straight line basis

Office Equipment - 20% straight line basis

c) Turnover

Turnover represents the invoiced value of goods supplied by the company net of value added tax and trade discounts.

d) Stock

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

e) Cash Flow Statement

The company is a small company and is therefore exempt from preparing a cash flow statement under Financial Reporting Standard No 1.

f) Leasing and Hire Purchase

Assets obtained under hire purchase contracts or finance leases are capitalised as tangible fixed assets. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

g) Operating Leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to profit and loss account as incurred.

	31/3/97	31/1/97
2. PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		
Profit/(loss) on ordinary activities before taxation is stated after charging :		
Formation Expenses	£ -	£ 193
Auditors Remuneration	750	750
Depreciation	490	2,857
Staff Costs	11,340	54,538
	<hr/>	<hr/>
Directors Remuneration		
Emoluments	£ 3,333	£20,000
	<hr/>	<hr/>

The emoluments paid were in respect of one director only.

3. INTEREST PAYABLE

Bank Interest	£ 130	£ 297
Factoring Interest	999	3,388
	<hr/>	<hr/>
	£ 1,129	£ 3,685
	<hr/>	<hr/>

K S L TRADING AND MARKETING LIMITED

NOTES TO THE ACCOUNTS (continued)

	31/3/97	31/1/97
4. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES		
Corporation Tax	£(1,507)	£ 1,891
Prior Year Adjustment	27	-
	<u>£(1,480)</u>	<u>£ 1,891</u>

5. FIXED ASSETS

	Fixtures & Fittings	Office Equipment	Total
Cost to 31st January 1997	£1,269	£13,017	£14,286
Additions during period	-	400	400
Cost to 31st March 1997	<u>£1,269</u>	<u>£13,417</u>	<u>£14,686</u>
Depreciation to 31st January 1997	£ 254	£ 2,603	£ 2,857
Depreciation for period	42	448	490
Depreciation to 31st March 1997	<u>£ 296</u>	<u>£ 3,051</u>	<u>£ 3,347</u>
Net Book Value at 31st March 1997	<u>£ 973</u>	<u>£10,366</u>	<u>£11,339</u>
Net Book Value at 31st January 1997	<u>£1,015</u>	<u>£10,414</u>	<u>£11,429</u>

Included above are assets held under finance lease, as follows, Office Equipment £9,384. The amount of depreciation in respect of such assets amounts to £408.

	31/3/97	31/1/97
6. DEBTORS		
Trade Debtors (Factored)	£114,064	£177,653
Prepayments	-	1,305
Other Debtors	4,735	4,675
	<u>£118,799</u>	<u>£183,633</u>

K S L TRADING AND MARKETING LIMITED

NOTES TO THE ACCOUNTS (continued)

	31/3/97	31/1/97
7. CREDITORS		
Amounts falling due within one year :		
Trade Creditors	£132,804	£107,241
Lease Creditor	4,720	5,720
Factoring Loan	10,086	65,175
Bank	13,608	30,464
Accruals	2,166	1,898
Corporation Tax	410	1,891
	<hr/> £163,794 <hr/>	<hr/> £212,389 <hr/>
8. CREDITORS		
Amounts falling due after more than one year :		
Lease Creditor	£ 1,620	£ 1,880
	<hr/>	<hr/>
9. SHARE CAPITAL		
Authorised		
1,000 Ordinary Shares of £1.00 each	£ 1,000	£ 1,000
	<hr/>	<hr/>
Issued		
1,000 Ordinary Shares of £1.00 each, fully paid	£ 1,000	£ 1,000
	<hr/>	<hr/>

10. DIRECTORS' RESPONSIBILITIES

Company Law requires the directors to prepare accounts 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 accounts, the directors are required to :

- a) select suitable accounting policies and then apply them consistently.
- b) make judgements and estimates that are reasonable and prudent.
- c) follow applicable accounting standards, subject to any material departures disclosed and explained in the accounts.
- d) prepare the accounts 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 accounts 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.

K S L TRADING AND MARKETING LIMITED

AUDITORS REPORT TO THE MEMBERS OF K S L TRADING AND MARKETING LIMITED

We have audited the financial statements on pages one to six which have been prepared using the historical cost convention and the accounting policies set out on page four.

Respective Responsibilities of Directors and Auditors

As described on page six 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 of those statements and 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 are 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 the information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31st March 1997 and of its loss for the period then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.



Winton & Co
Chartered Accountants
Registered Auditors

16 Hamilton Street
Broughty Ferry
Dundee

24th January 1998.

K S L TRADING AND MARKETING LIMITED

TRADING ACCOUNT FOR THE PERIOD ENDED 31 MARCH 1997

	31/3/97	31/1/97
TURNOVER	£122,774	£664,095
Stock at 31st January 1997	£ 25,337	£ -
Purchases	105,599	509,030
Commission	5,790	16,422
	£136,726	£525,452
Stock at 31st March 1997	36,508	25,337
COST OF SALES	£100,218	£500,115
GROSS PROFIT	£ 22,556	£163,980
Salaries	£ 11,340	£ 54,538
Van Hire & Carriage Costs	3,253	15,230
Fuel Costs	1,957	10,664
Rent & Rates	4,526	24,541
Heat & Light	609	1,179
Telephone & Postages	935	4,247
Computer Costs	-	226
Insurance	638	3,691
Advertising	-	617
Stationery	207	2,315
Repairs	-	424
Accountancy Fee	100	550
Leasing of Motor Vehicle	567	5,092
Legal Expenses	75	844
Factoring Charges	1,767	19,677
Audit Fee	750	750
Sundries	450	1,822
Formation Expenses	-	193
Bad Debts	-	1,368
Travel & Entertaining	133	2,404
Depreciation	490	2,857
ADMINISTRATION COSTS	£ 27,797	£153,229
	£(5,241)	£ 10,751
Bank Interest	£ 130	£ 297
Factoring Interest	999	3,388
INTEREST PAYABLE AND SIMILAR CHARGES	£ 1,129	£ 3,685
PROFIT/(LOSS) BEFORE TAXATION	£(6,370)	£ 7,066