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Advanced Digital Technology (U.K.) Limited

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Directors Report for the year ended 30th September, 1996

The Directors present their Report and the Audited Financial Statements for the year ended 30th September, 1996.

Principal Activities and Status

The principal activity of the Company is the Design, Production and Supply of Computer Products.

The Company is registered in the United Kingdom, and is a closed Company within the meaning of the Income and Corporation Taxes Act 1988.

Results and Dividends

The Net Profit for the year after Taxation was £12,791 (1995 £22,815) the Directors recommend the payment of a Dividend of £10 per share.

Directors

The Directors who have served during the year, and their interest in the shares of the Company are as follows:-

	<u>1995</u>	<u>1996</u>
M.M. Crook	400	400
P.A. Crook	400	400
G. Estill	200	200
	<u>1,000</u>	<u>1,000</u>

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 the Company as at the end of the financial year and of the Profit and Loss of the Company for that period.

In preparing those Accounts 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 assume that the Company will

Directors Report for the year ended 30th September, 1996
(continued)

continue in business.

The Directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Accounts comply with the Companies Act. 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.

Registered Auditors

The Auditor, John Davis and Co. will be proposed for re-appointment in accordance with section 385 of the Companies Act 1985.

On Behalf of the Board



M.M. Crook
Secretary

Lord Wilmot House,
Cavalier Court,
Bumpers Farm,
Chippenham,
Wiltshire.

27th June, 1997

Advanced Digital Technology (U.K.) Limited

We have audited the financial statements on pages 1 to 9 which have been prepared under the Historical cost convention and the accounting policies set out on page 7.

Respective Responsibilities of Directors and Auditors

As described on pages 1 and 2, the Company's Directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion based on our audit of those statements and to report our opinion to you.

Basis of Opinion

Our audit was conducted in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes an 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 presentation of 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 as at 30th September 1996 and of its Profit for the year then ended and have been properly prepared in accordance with the Companies Act, 1985.

John Davis and Co.,
48, The Causeway,
Chippenham,
Wiltshire.

.....J.S. Davis.....
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J.S. Davis F.C.C.A.
Registered Auditor

27th June, 1997

1995 Profit and Loss Account for the year ended
30th September, 1996

		<u>Notes</u>	
621,315	Turnover		731,746
<u>223,952</u>	Cost of Sales		<u>293,994</u>
397,363	Gross Profit		437,752
<u>251,644</u>	Overheads		<u>299,055</u>
145,719	Net Profit on Trading		138,697
<u>717</u>	Add Interest Received		<u>494</u>
<u>146,436</u>			<u>139,191</u>
	<u>Deduct:-</u>		
76,629	Directors' Remuneration		83,377
2,350	Audit Fees		2,500
3,699	Interest Payable	2	3,847
<u>32,461</u>	Depreciation		<u>29,791</u>
<u>115,139</u>			<u>119,515</u>
	Profit on Ordinary Activities		
31,297	before Tax		19,676
<u>8,482</u>	Tax on Profits for the Year		<u>6,885</u>
	Profit on Ordinary Activities		
22,815	after Tax		12,791
(15,000)	Dividends Paid		(10,000)
<u>60,734</u>	Profit and Loss Account brought forward		<u>68,549</u>
<u>£ 68,549</u>	Carried forward		<u>£ 71,340</u>

Continuing Operations

None of the Company's activities were acquired or discontinued during the above two financial years.

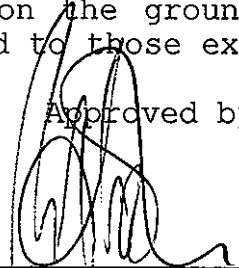
Total Recognised Gains and Losses

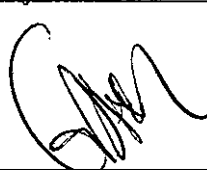
The Company has no recognised gains or losses other than the Profit and Loss for the above two financial years.

<u>1995</u>	<u>Balance Sheet as at 30th September, 1996</u>		<u>Notes</u>
	<u>Fixed Assets:-</u>		
<u>90,761</u>	Tangible Assets	8	<u>81,227</u>
	<u>Current Assets</u>		
10,943	Stock		12,055
87,536	Debtors	5	123,145
11,754	Bank and Cash Balances		667
<u>110,233</u>			<u>135,867</u>
	<u>Creditors</u>		
	Amounts falling due within		
<u>122,783</u>	One Year	3	<u>130,084</u>
(<u>12,550</u>)	Net Current Assets (Liabilities)		<u>5,783</u>
<u>78,211</u>	Total Assets less Current Liabilities		<u>87,010</u>
	<u>Creditors</u>		
	Amounts falling due after		
<u>8,662</u>	One Year	4	<u>14,670</u>
£ <u>69,549</u>			£ <u>72,340</u>
	<u>Capital and Reserves</u>		
1,000	Called up Share Capital	6	1,000
<u>68,549</u>	Profit and Loss Account		<u>71,340</u>
£ <u>69,549</u>		7	£ <u>72,340</u>

The Directors have taken advantage of special exemptions conferred by 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.

Approved by the Board





Notes to the Accounts for the year ended 30th September, 1996

1. Accounting Policies

Accounting Conventions

The Accounts are prepared under the historical cost convention.

Turnover

Turnover consists of the net invoiced value of goods and services supplied in the ordinary course of business, net of discounts and excluding Value Added Tax.

Tangible Fixed Assets

Tangible Fixed Assets are stated in the Balance Sheet at cost less accumulated depreciation.

Depreciation is charged at the following annual rates:-

Computer Hardware	33 $\frac{1}{3}$ %
Computer Software	33 $\frac{1}{3}$ %
Office Equipment	20%
Motor Vehicles	25%
Leasehold Property	Over Period of Lease

Deferred Taxation

Deferred Taxation represents the taxation attributable to timing differences arising on the differing treatment of Income and Expenditure for accounting and taxation purposes. No provision has been provided in these financial statements.

Leasing

Tangible Fixed Assets acquired under finance leases or hire purchase contracts are capitalised and depreciated in the same manner as other tangible Fixed Assets. The related obligations, net of future finance charges, are included in creditors.

Rentals payable under operating leases are charged to the Profit and Loss Account on a straight line basis over the period of the lease.

Cash Flow Statements

The Company has taken advantage of the exemption in Financial Reporting Standard No. 1 from producing a cash flow statement on the grounds that it is a small Company.

Notes to the Accounts for the year ended 30th September, 1996
(continued)

	<u>1995</u>	<u>1996</u>
2. <u>Interest Payable</u>		
Bank Overdraft	133	162
Hire Purchase (repayable under 5 years)	3,211	3,685
Other Interest	355	-
	<u>£3,699</u>	<u>£3,847</u>
3. <u>Creditors falling due within One Year</u>		
Bank Overdraft	-	19,877
Trade Creditors	61,401	50,090
Directors Current Account	15,684	10,000
Hire Purchase Creditors	19,773	20,761
Others	25,925	29,356
	<u>£122,783</u>	<u>£130,084</u>
4. <u>Creditors falling due after One Year</u>		
Hire Purchase Creditors	8,662	14,670
	<u>£ 8,662</u>	<u>£14,670</u>
5. <u>Debtors</u>		
Trade Debtors	83,360	113,092
Others	12,079	10,053
	<u>£95,439</u>	<u>£123,145</u>
6. <u>Called up Share Capital</u>		
The Authorised Share Capital of the Company is 1,000, Ordinary Shares of £1 each, all of which have been issued and are fully paid.		
7. <u>Reconciliation of Movements in Shareholders Funds</u>		
	<u>1995</u>	<u>1996</u>
Profit for the Financial Year	22,815	12,791
Dividends	(15,000)	(10,000)
Opening Shareholders' Funds	7,815	2,791
	<u>61,734</u>	<u>69,549</u>
Closing Shareholders' Funds	<u>£69,549</u>	<u>£72,340</u>

Notes to the Accounts for the year ended 30th September, 1996
(continued)

8. Fixed Assets

	<u>Leasehold Property</u>	<u>Motor Vehicles</u>	<u>Technical and Sales Equipment</u>
<u>Cost</u>			
As at 01.10.95	3,238	93,838	83,498
Additions	-	16,348	8,138
Sales	-	(14,249)	-
As at 30.09.96	3,238	95,937	91,636

Depreciation

As at 01.10.95	924	43,398	62,289
In Year	154	15,177	9,782
On Disposals	-	(8,238)	-
As at 30.09.96	1,078	50,337	72,071

Net Book Value

As at 30.09.96	£2,160	45,600	19,565
As at 30.09.95	£2,314	50,440	21,209

	<u>Fixtures, Fittings and Equipment</u>	<u>Software</u>	<u>Total</u>
<u>Cost</u>			
As at 01.10.95	48,166	15,258	243,998
Additions	1,342	439	26,268
Sales	-	-	(14,249)
As at 30.09.96	49,508	15,697	256,017
<u>Depreciation</u>			
As at 01.10.95	34,133	12,493	153,237
In Year	3,075	1,602	29,791
On Disposals	-	-	(8,238)
As at 30.09.96	37,208	14,095	174,790
<u>Net Book Value</u>			
As at 30.09.96	£12,300	1,602	81,227
As at 30.09.95	£14,033	2,765	90,761