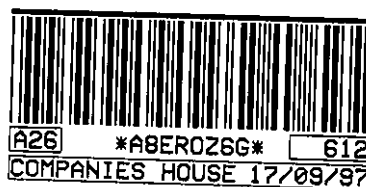


C O S UK Limited

Financial Statements

31st March 1997

Company No: 02168309



C O S UK Limited

Company Information

Company No: 02168309

Directors

K.J. Slater
V. Slater
M. Colton
D R Smedley

Secretary

V. Slater

Auditors

S. E. Short & Co.

Bankers

Midland Bank plc

Registered Office

Systems House
Tupton Way
Williamthorpe Industrial Park
Chesterfield
S42 5UZ

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1 and 2	Directors' Report
3	Auditors' Report
4	Profit and Loss Account
5	Balance Sheet
6 to 10	Notes to the Accounts

Directors' Report**for the year ended 31st March 1997**

The directors submit their report together with the audited financial statements for the year ended 31st March 1997.

Directors' Statement

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 for that year. In preparing those financial statements the directors are required to:

select suitable accounting policies and then apply them consistently;

make judgments and estimates that are reasonable and prudent;

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 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 continued to be that of sales and service of photocopiers and facsimile machines.

Directors and their Interests

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

	Ordinary shares of £1 each	
	1997	1996
	No.	No.
K.J. Slater	486	486
V. Slater	364	364
M. Colton	100	100
D R Smedley (Appointed 1st April 1996)	150	-

Cash Flow Statement

In the opinion of the directors the company qualifies as a small company and as such no cash flow statement has been prepared.

Close Company

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

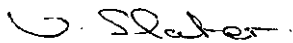
Auditors

S. E. Short & Co. have expressed their willingness to continue in office and a resolution to re-appoint them as auditors will be put to the members at the annual general meeting.

Small Company Exemption

The report of the directors has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Approved by the Board on 31st July 1997.



V. Slater

Secretary

Auditors' Report to the Shareholders

for the year ended 31st March 1997

We have audited the financial statements on pages 4 to 10, which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 1 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 judgments 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 31st March 1997 and of its loss for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.

6 Fairfield Road
Chesterfield
S40 4TP

31st July 1997

S E Short & Co.

S. E. Short & Co.

**Chartered Accountants and
Registered Auditors**

C O S UK Limited

Profit and Loss Account

for the year ended 31st March 1997

	Notes	1997 £	1996 £
Turnover		1,259,037	1,294,111
Cost of sales		670,330	750,460
Gross profit		<u>588,707</u>	<u>543,651</u>
Administrative expenses		576,714	491,042
Other operating income		1,196	-
Operating profit	2	<u>13,189</u>	<u>52,609</u>
Interest payable	3	<u>11,280</u>	<u>12,739</u>
Profit on ordinary activities before taxation		1,909	39,870
Taxation	4	<u>6,576</u>	<u>11,712</u>
Loss/Profit for the financial year		(4,667)	28,158
Dividends		-	8,800
Retained loss/profit transferred from/to reserves	11	<u>(4,667)</u>	<u>19,358</u>

All amounts relate to continuing activities.

There have been no recognised gains or losses, other than the results for the financial year, and all profits or losses have been accounted for on an historical cost basis.

C O S UK Limited

Balance Sheet

at 31st March 1997

	Notes	1997 £	1996 £
Fixed Assets			
Tangible assets	5	58,448	104,597
Current Assets			
Stock		76,400	96,400
Debtors	6	257,850	211,783
		<u>334,250</u>	<u>308,183</u>
Creditors:			
Amounts falling due within one year	7	326,644	319,791
Net Current Assets/Liabilities		<u>7,606</u>	<u>(11,608)</u>
Total Assets less Current Liabilities		<u>66,054</u>	<u>92,989</u>
Creditors:			
Amounts falling due after more than one year	8	20,988	43,256
		<u>45,066</u>	<u>49,733</u>
Capital and Reserves			
Called up share capital	10	1,100	1,100
Profit and loss account	11	43,966	48,633
		<u>45,066</u>	<u>49,733</u>
Analysis of shareholders' funds			
Equity interests		<u>45,066</u>	<u>49,733</u>

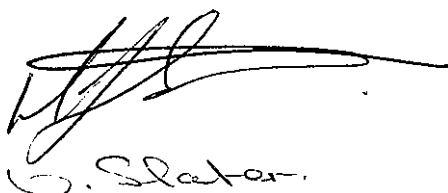
These accounts are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Approved by the board on 31st July 1997.

K.J. Slater

V. Slater

Directors



1 Principal Accounting Policies***Accounting Convention***

The Financial Statements have been prepared under the historical cost convention.

Cash Flow Statement

The company has taken advantage of the exemption granted by FRS 1 from the requirement to present a cash flow statement on the grounds that the company qualifies as a small company under Sections 246 and 247 of the Companies Act 1985.

Turnover

Turnover represents the invoiced amount of goods sold and services provided during the year, stated net of value added tax.

Depreciation

Depreciation is calculated to write down the cost, less estimated residual value, of all tangible fixed assets over their expected useful lives. The rates generally applicable are:

Equipment for rental	Over period of contract
Motor vehicles	25% straight line
Office equipment	20% straight line
Fixtures and fittings	20% straight line

Stocks

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost includes materials, labour and relevant manufacturing overheads. Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

Deferred Taxation

Provision is made for deferred taxation using the liability method on short term timing differences and all other material timing differences which are not expected to continue in the future. A deferred taxation asset is shown only to the extent that its recovery is reasonably certain within the following financial year.

Leased Assets

Assets held under hire purchase contracts are capitalised in the Balance Sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the period of the lease.

31st March 1997

2	Operating Profit	1997	1996
		£	£
	<i>The operating profit is stated after charging or crediting:</i>		
	Other operating lease rentals	9,476	9,476
	Directors' emoluments	106,845	78,480
	Auditors' remuneration	2,500	2,500
	Depreciation - owned assets	18,988	810
	Depreciation - assets held under hire purchase contracts	26,357	39,706
	Profit on disposal of fixed assets	(1,196)	-
		<hr/>	<hr/>
3	Interest Payable	1997	1996
		£	£
	Bank loans, overdrafts and other loans repayable within five years	5,701	6,130
	Finance charges in respect of hire purchase contracts	5,579	6,609
		<hr/>	<hr/>
		11,280	12,739
		<hr/>	<hr/>
4	Tax on Profit on Ordinary Activities	1997	1996
		£	£
	Based on the profit for the year:		
	U.K. Corporation tax at 24%	6,576	11,712
		<hr/>	<hr/>

There is no material unprovided deferred taxation.

31st March 1997

5 Tangible Fixed Assets

	Motor vehicles	Office equipment	Fixtures and fittings	Total
Cost	£	£	£	£
At 1st April 1996	175,564	16,337	12,534	204,435
Disposals	(19,300)	-	-	(19,300)
At 31st March 1997	156,264	16,337	12,534	185,135
Depreciation				
At 1st April 1996	76,995	10,902	11,941	99,838
Charged for the year	43,962	790	593	45,345
Disposals	(18,496)	-	-	(18,496)
At 31st March 1997	102,461	11,692	12,534	126,687
Net Book Value				
Owned assets	8,759	4,645	-	13,404
Leased assets	45,044	-	-	45,044
At 31st March 1997	53,803	4,645	-	58,448
Owned assets	-	5,435	593	6,028
Leased assets	98,569	-	-	98,569
At 31st March 1996	98,569	5,435	593	104,597

6 Debtors

	1997 £	1996 £
Trade debtors	254,304	211,093
Others	3,546	690
	257,850	211,783

7 Creditors: Amounts falling due within one year

	1997 £	1996 £
Bank loans and overdrafts	133,228	101,006
Trade creditors	144,777	146,025
Corporation tax	6,576	9,512
Other taxes and social security costs	23,003	18,458
Other creditors	3,609	7,058
Obligations under hire purchase contracts	15,451	37,732
	326,644	319,791

31st March 1997

8	Creditors: Amounts falling due after more than one year	1997	1996
		£	£
	Bank loans	-	5,015
	Other creditors	16,694	18,052
	Obligations under hire purchase contracts	4,294	20,189
		<u>20,988</u>	<u>43,256</u>

Creditors includes a bank loan and overdraft totalling £133,228 (1996: 106,021) in respect of which security has been given by the company.

9	Borrowings	1997	1996
		£	£
	The bank loan and overdraft are repayable by instalments falling due as follows :-		
	Within one year	133,228	101,006
	Between one and two years	-	5,015
		<u>133,228</u>	<u>106,021</u>

10	Share Capital		1997	1996
	Authorised	Number	£	£
	Ordinary shares of £1 each	1,100	1,100	1,100
		<u> </u>	<u> </u>	<u> </u>
	Allotted, issued and fully paid	Number	£	£
	Ordinary shares of £1 each	1,100	1,100	1,100
		<u> </u>	<u> </u>	<u> </u>

11	Reserves	Profit and Loss Account
		£
	At 1st April 1996	48,633
	Retained loss for the year	(4,667)
	At 31st March 1997	<u>43,966</u>

31st March 1997

12	Reconciliation of Movements in Shareholders' Funds	1997 £	1996 £
	(Loss)/Profit for the financial year	(4,667)	28,158
	Dividends	-	(8,800)
	Decrease/Increase in shareholders' funds	(4,667)	19,358
	Opening shareholders' funds	49,733	30,375
	Closing shareholders' funds	45,066	49,733

13 Operating lease commitments

Financial commitments under non-cancellable operating leases will result in the following payments falling due in the next financial year:

	1997 Other £	1996 Other £
Expiring:		
Within one year	-	-
Within one to five years	9,388	9,388
After five years	-	-
	9,388	9,388