

Abbreviated Financial Statements
for the Year Ended 31 December 1996
for
Arkonia Systems Limited



Arkonia Systems Limited

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for the Year Ended 31 December 1996**

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Arkonia Systems Limited
Company Information
for the Year Ended 31 December 1996

DIRECTORS: L Robinson
Mrs C M Robinson

SECRETARY: Mrs C M Robinson

REGISTERED OFFICE: Latchmore House
99-101 London Road
Cowplain
Hampshire
PO8 8XJ

REGISTERED NUMBER: 2327794 (England and Wales)

AUDITORS: Hughes Spencer
Registered Auditors
Latchmore House
Cowplain Waterloooville
Hampshire PO8 8XJ

Arkonia Systems Limited

**Report of the Auditors to
Arkonia Systems Limited**

Pursuant to Paragraph 24 of Schedule 8 to the Companies Act 1985

We have examined the abbreviated financial statements on pages four to seven together with the full financial statements of Arkonia Systems Limited prepared under Section 226 of the Companies Act 1985 for the year ended 31 December 1996.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated financial statements in accordance with Schedule 8 to the Companies Act 1985. It is our responsibility to form an independent opinion as to the company's entitlement to the exemptions claimed in the directors' statement on page four and whether the abbreviated financial statements have been properly prepared in accordance with that Schedule.

Basis of opinion

We have carried out the procedures we considered necessary to confirm, by reference to the audited financial statements, that the company is entitled to the exemptions and that the abbreviated financial statements have been properly prepared from those financial statements. The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the full financial statements.

Opinion

In our opinion the company is entitled under Sections 246 and 247 of the Companies Act 1985 to the exemptions conferred by Section A of Part III of Schedule 8 to that Act, in respect of the year ended 31 December 1996, and the abbreviated financial statements on pages four to seven have been properly prepared in accordance with that Schedule.

Other information

On 10.6.97 we reported, as auditors of Arkonia Systems Limited, to the shareholders on the financial statements prepared under Section 226 of the Companies Act 1985 for the year ended 31 December 1996, and our audit report was as follows:

"We have audited the financial statements on pages four to thirteen which have been prepared under the historical cost convention and the accounting policies set out on page seven.

Respective responsibilities of directors and auditors

As described on page two 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 the presentation of information in the financial statements.

Arkonia Systems Limited

Report of the Auditors to

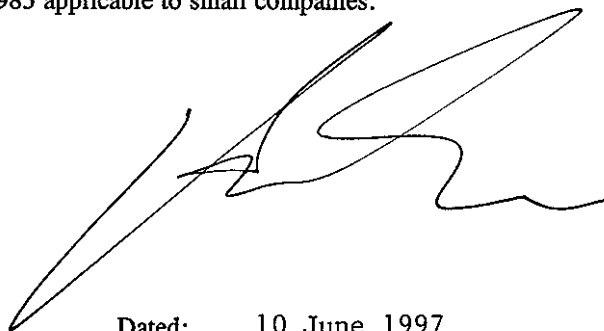
Arkonia Systems Limited

Pursuant to Paragraph 24 of Schedule 8 to the Companies Act 1985

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1996 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies."

Hughes Spencer
Registered Auditors
Latchmore House
Cowplain Waterloooville
Hampshire PO8 8XJ

A large, stylized handwritten signature in black ink, likely belonging to Hughes Spencer, the registered auditor.

Dated: 10 June 1997

Arkonia Systems Limited

Abbreviated Balance Sheet 31 December 1996

		1996		1995	
	Notes	£	£	£	£
FIXED ASSETS:					
Intangible assets	2		11,520		12,901
Tangible assets	3		786,060		152,694
Investments	4		35		-
			<u>797,615</u>		<u>165,595</u>
CURRENT ASSETS:					
Stocks		245,374		190,176	
Debtors		292,469		390,857	
Cash at bank and in hand		248		92,408	
		<u>538,091</u>		<u>673,441</u>	
CREDITORS: Amounts falling due within one year		<u>434,010</u>		<u>600,342</u>	
NET CURRENT ASSETS:			<u>104,081</u>		<u>73,099</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			<u>901,696</u>		<u>238,694</u>
CREDITORS: Amounts falling due after more than one year			<u>447,263</u>		<u>-</u>
			<u>£454,433</u>		<u>£238,694</u>
CAPITAL AND RESERVES:					
Called up share capital	5		1,059,861		1,059,861
Revaluation reserve			98,190		98,190
Profit and loss account			(703,618)		(919,357)
Shareholders' funds			<u>£454,433</u>		<u>£238,694</u>

These abbreviated financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

ON BEHALF OF THE BOARD:


.....
- DIRECTOR

Approved by the Board on 27 MAY 97

Arkonia Systems Limited

Notes to the Abbreviated Financial Statements for the Year Ended 31 December 1996

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention.

Financial Reporting Standard Number 1

Exemption has been taken from preparing a cash flow statement on the grounds that the company qualifies as a small company.

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Goodwill

Goodwill, being the amount paid in connection with the acquisition of a business in 1995, is being written off evenly over its estimated useful life of ten years.

Depreciation method

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Improvements to property	- Straight line over 25 years
Plant and machinery	- 15% on reducing balance
Fixtures and fittings	- 15% on reducing balance
Motor vehicles	- 25% on reducing balance

During the year the depreciation method changed from a sum of digits basis to a reducing balance basis. The change was necessary as it was felt that the previous method was less suited to this type of business. The effect of the change on the depreciation charge was not material.

Stocks

Stock and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

Deferred taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

Leases

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Operating lease rentals are charged to the profit and loss account in accordance with the payments made in respect of the individual lease agreements.

Pensions

The company operates a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account.

Arkonia Systems Limited

Notes to the Abbreviated Financial Statements for the Year Ended 31 December 1996

2. INTANGIBLE FIXED ASSETS

	Total
	£
COST:	
At 1 January 1996	
and 31 December 1996	13,812
AMORTISATION:	
At 1 January 1996	911
Charge for year	1,381
	2,292
At 31 December 1996	
NET BOOK VALUE:	
At 31 December 1996	11,520
At 31 December 1995	12,901

3. TANGIBLE FIXED ASSETS

	Total
	£
COST:	
At 1 January 1996	360,915
Additions	665,858
Disposals	(10,915)
	1,015,858
At 31 December 1996	
DEPRECIATION:	
At 1 January 1996	208,221
Charge for year	28,592
Eliminated on disposals	(7,015)
	229,798
At 31 December 1996	
NET BOOK VALUE:	
At 31 December 1996	786,060
At 31 December 1995	152,694

4. FIXED ASSET INVESTMENTS

Investments in unquoted shares consist of:

20 Ordinary £1 shares in Ying 3DM (UK) Limited at par, representing 20% of the issued share capital.

15 Ordinary £1 shares in Ying Broadcast (UK) Limited at par, representing 15% of the issued share capital.

Arkonia Systems Limited

Notes to the Abbreviated Financial Statements for the Year Ended 31 December 1996

5. CALLED UP SHARE CAPITAL

Authorised:

Number:	Class:	Nominal value:	1996 £	1995 £
10,000,000	Ordinary	£1	<u>10,000,000</u>	<u>10,000,000</u>

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	1996 £	1995 £
1,059,861	Ordinary	£1	<u>1,059,861</u>	<u>1,059,861</u>