

EFD INTERNATIONAL INC

ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 1996

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EFD INTERNATIONAL INC
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1996

	Notes	1996 £	1995 £
TURNOVER	2	1,780,872	1,409,234
Cost of sales		(831,431)	(698,126)
		<hr/>	<hr/>
GROSS PROFIT		949,441	711,108
Selling and Distribution costs		(540,461)	(459,987)
Administrative expenses		(110,922)	(251,511)
		<hr/>	<hr/>
PROFIT (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	3	298,058	(390)
Taxation on profit on ordinary activities	5	-	-
		<hr/>	<hr/>
RETAINED PROFIT (LOSS) FOR THE FINANCIAL YEAR		298,058	(390)
Balance at 31 December 1995		(841,244)	(840,854)
		<hr/>	<hr/>
Balance at 31 December 1996		(543,186)	(841,244)
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EFD INTERNATIONAL INC

BALANCE SHEET AT 31 DECEMBER 1996

	Notes	1996 £	1995 £
FIXED ASSETS			
Tangible assets	6	62,712	52,191
		<hr/>	<hr/>
CURRENT ASSETS			
Stock	7	311,596	240,274
Debtors	8	588,626	425,760
Cash at bank and in hand		62,429	41,861
		<hr/>	<hr/>
		962,651	707,895
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR			
Trade and other creditors	9	(1,410,078)	(1,425,938)
		<hr/>	<hr/>
NET CURRENT LIABILITIES		(447,427)	(718,043)
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		(384,715)	(665,852)
CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	10	(158,410)	(175,331)
		<hr/>	<hr/>
TOTAL ASSETS LESS LIABILITIES		(543,125)	(841,183)
		<hr/> <hr/>	<hr/> <hr/>
CAPITAL AND RESERVES			
Called up share capital		61	61
Profit and loss account		(543,186)	(841,244)
		<hr/>	<hr/>
		(543,125)	(841,183)
		<hr/> <hr/>	<hr/> <hr/>

EFD INTERNATIONAL INC

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 1996

1. ACCOUNTING POLICIES

The company is incorporated in the USA. The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards and are expressed in sterling.

(a) Depreciation

The cost of fixed assets is written off by equal annual instalments over expected useful lives as follows:

Office furniture, fixtures and fittings	10 years
Office equipment	5 years
Motor vehicles	5 years
Building improvements	15/16 years

(b) Stock

Stocks are valued at the lower of cost and net realisable value with due allowance for any obsolete or slow moving items.

(c) Foreign currencies

Assets, liabilities, revenues and costs expressed in foreign currencies are translated into sterling at rates of exchange ruling on the date on which transactions occur, except for:

- (i) monetary assets and liabilities, which are translated at the rate ruling at the balance sheet date (other than those in (ii) below); and
- (ii) transactions to be settled at a contracted rate and trading transactions covered by a related or matching forward contract, which are translated at those contracted rates.

Differences arising on the translation of such items are dealt with in the profit and loss account.

(d) Leased assets

Rentals in respect of operating leases are charged to the profit and loss account as incurred.

2. TURNOVER

Turnover comprises the invoiced value of sales exclusive of VAT and net of discounts.

EFD INTERNATIONAL INC

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 1996

3. PROFIT (LOSS) ON ORDINARY ACTIVITIES

	1996	1995
	£	£
The profit (loss) on ordinary activities before taxation is stated after charging (crediting):		
Staff costs - Wages and salaries	384,056	316,302
Depreciation of tangible assets	14,777	15,925
Hire of office equipment and motor vehicles under operating leases	10,185	14,817
Leasehold property rents	43,453	45,349
Exchange (gain) loss	(139,528)	22,743
	<u> </u>	<u> </u>

4. STAFF NUMBERS

The average number of persons employed at the branch during the year was as follows:-

	Number	Number
Management and administration	4	4
Selling and distribution	13	13
	<u> </u>	<u> </u>
	17	17
	<u> </u>	<u> </u>

5. TAXATION

There is no UK Corporation Tax liability. The company has tax losses of approximately £595,000 available for relief against future trading profits, subject to the agreement of the Inland Revenue.

EFD INTERNATIONAL INC

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 1996

6. TANGIBLE FIXED ASSETS

	Fixtures, Fittings and Office Equipment £	Motor Vehicles £	Building Improvements £	Total £
COST				
Brought forward	56,472	19,603	10,883	86,958
Additions	3,845	4,626	16,527	24,998
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1996	60,317	24,229	27,410	111,956
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
DEPRECIATION				
Brought forward	27,535	5,880	1,352	34,767
Provided during the year	8,752	4,384	1,341	14,477
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1996	36,287	10,264	2,693	49,244
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
NET BOOK VALUE				
At 31 December 1996	24,030	13,965	24,717	62,712
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At 31 December 1995	28,937	13,723	9,531	52,191
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Depreciation rate	5/10 years	5 years	15/16 years	

7. STOCKS

	1996 £	1995 £
Goods for re-sale	311,596	240,274
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EFD INTERNATIONAL INC

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 1996

8. DEBTORS

	1996 £	1995 £
Trade debtors	567,031	407,225
Other debtors	3,717	3,623
Prepayments	17,878	14,912
	<hr/>	<hr/>
	588,626	425,760

9. TRADE AND OTHER CREDITORS

	1996 £	1995 £
Trade creditors - due to connected companies	1,356,520	1,381,551
- other	22,934	24,926
Other taxation and social security costs	26,398	14,467
Accruals	4,226	4,994
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	1,410,078	1,425,028

10. CREDITORS - amounts falling due after more than one year

	1996 £	1995 £
Loan from connected company	158,410	175,331

11. FINANCIAL COMMITMENTS

The annual commitment under non-cancellable operating leases was as follows:-

	Land & Buildings £	Other Assets £	Total £
Leases expiring			
Within two to five years	-	8,835	8,835
Thereafter	34,500	-	34,500
	<hr/>	<hr/>	<hr/>
	34,500	8,835	43,335

EFD INTERNATIONAL INC

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 1996

13. SHARE CAPITAL

	Authorised		Allotted, issued and fully paid	
	1993 No.	1992 No.	1993 £	1992 £
Common stock of \$1 each	8,000	8,000	61	61
	=====	=====	=====	=====