

EUROWEB LIMITED

ABBREVIATED ACCOUNTS

31st JANUARY 1997

COMPANY NO. 1095259



GOWERS

CHARTERED ACCOUNTANTS

EUROWEB LIMITED

SPECIAL AUDIT REPORT IN COMPLIANCE WITH PARAGRAPH 24, SCHEDULE 8 OF THE COMPANIES ACT 1985

FOR THE YEAR ENDED 31st JANUARY 1997

We have examined the abbreviated accounts on pages 3 to 5 together with the full financial statements of the company prepared under section 226 of the Companies Act 1985 for the year ended 31st January 1997.

Respective responsibilities of the directors and reporting accountants

The directors are responsible for preparing abbreviated accounts in accordance with Schedule 8 of 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 3 and whether the abbreviated accounts 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 accounts 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 31st January 1997. The abbreviated accounts on pages 3 to 5 have been properly prepared in accordance with that Schedule.

Other information

On 27th October 1997 we reported, as auditors of the company, to the members on the financial statements prepared under section 226 of the Companies Act 1985 for the year ended 31st January 1997 and our audit report was as follows:

"We have audited the financial statements on pages 4 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 6 and 7.

Respective responsibilities of directors and auditors

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

EUROWEB LIMITED

SPECIAL AUDIT REPORT IN COMPLIANCE WITH PARAGRAPH 24, SCHEDULE 8 OF THE COMPANIES ACT 1985

FOR THE YEAR ENDED 31st JANUARY 1997

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 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 31st January 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985."

The Old School House,
Bridge Road,
Hunton Bridge,
Kings Langley,
Herts. WD4 8SZ



GOWERS

Chartered Accountants and
Registered Auditors

27th October 1997

EUROWEB LIMITED

ABBREVIATED BALANCE SHEET

31st JANUARY 1997

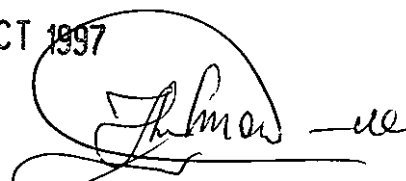
	(Notes)	1997 £	1996 £
Fixed assets			
Tangible assets	(2)	18,219	14,594
Current assets			
Stocks		66,559	73,859
Debtors		166,298	126,961
Bank		83,217	37,164
		316,074	237,984
Creditors: amounts falling due within one year			
		183,012	158,292
Net current assets			
		133,062	79,692
Total assets less current liabilities			
		151,281	94,286
Provisions for liabilities and charges			
Deferred taxation	(3)	1,750	1,750
		149,531	92,536
Capital and reserves			
Called up share capital	(4)	5,000	5,000
Profit and loss account		144,531	87,536
Shareholders funds			
		149,531	92,536

The directors have taken advantage of the exemptions conferred on small companies by the Companies Act 1985, Schedule 8 Part IIIA. In the opinion of the directors the company qualifies as a small company and is entitled to make use of the exemptions.

The financial statements were approved by the board on
and were signed on its behalf by:


D.E. Bates

27 OCT 1997


T.M. O'Donnell

EUROWEB LIMITED

NOTES ON THE ABBREVIATED FINANCIAL STATEMENTS

YEAR ENDED 31st JANUARY 1997

1. Accounting policies

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the company's financial statements:

Basis of accounting

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

Tangible fixed assets

Depreciation is provided at the following annual rates, on a reducing balance basis in order to write off each asset over its estimated useful life:

Furniture and office equipment	- 15%
Motor vehicles	- 25%

Stocks

Stocks 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.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transactions.

Exchange differences are taken into account in arriving at the operating profit.

Pension costs

The company operates a defined contribution pension scheme for the directors and the obligations of the company are charged to the profit and loss account in the year in which they become payable.

Leases

The lease on the premises occupied by the company is regarded as an operating lease and the total payments made under it are charged to the profit and loss account on a straight line basis over the lease term.

Turnover

Turnover represents net invoiced sales of goods, excluding Value Added Tax.

EUROWEB LIMITED

NOTES ON THE ABBREVIATED FINANCIAL STATEMENTS

YEAR ENDED 31st JANUARY 1997

2. Tangible fixed assets

	Furniture and Office equipment £
Cost	
1st February 1996	
Additions	46,438
Disposals	6,840
	-
31st January 1997	53,278
Depreciation	
1st February 1996	
Provided for the year	31,844
Disposals	3,215
	-
31st January 1997	35,059
Net book value	
31st January 1997	18,219
1st February 1996	14,594

3. Deferred taxation

The amount provided and the total potential liability for deferred taxation is as follows:-

	1997 £	1996 £
Accelerated capital allowances	1,750	1,750

4. Called up share capital

	1997 £	1996 £
5,000 ordinary shares of £1 each		
Authorised, allotted, issued and fully paid	5,000	5,000