TAIKOO BOOKS LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH NOVEMBER 1996

Company no. 01396731

LITHGOW, PERKINS & CO.

J. PERKINS F.C.A., A.T.I.I.
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CHARTERED ACCOUNTANTS

CROWN CHAMBERS
PRINCES STREET
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The following reproduces the text of the report prepared for the purposes of section 249A(2) Companies Act 1985 in respect of the company's annual accounts, from which the abbreviated accounts (set out on pages 4 to 8) have been prepared.

ACCOUNTANTS' REPORT TO THE SHAREHOLDERS ON THE UNAUDITED ACCOUNTS OF

TAIKOO BOOKS LIMITED

We report on the accounts for the year ended 30th November 1996 set out on pages 5 to 11.

**Respective responsibilities of directors and reporting accountant**
As described on page 7 the company's directors are responsible for the preparation of the accounts, and they consider that the company is exempt from an audit. It is our responsibility to carry out procedures designed to enable us to report our opinion.

**Basis of opinion**
Our work was conducted in accordance with the Statement of Standards for Reporting Accountants, and so our procedures consisted of comparing the accounts with the accounting records kept by the company, and making such limited enquiries of the officers of the company as we considered necessary for the purposes of this report. These procedures provide only the assurance expressed in our opinion.

**Opinion**
In our opinion:

(a) the accounts are in agreement with the accounting records kept by the company under section 221 of the Companies Act 1985;

(b) having regard only to, and on the basis of, the information contained in those accounting records:

(i) the accounts have been drawn up in a manner consistent with the accounting requirements specified in section 249C(6) of the Companies Act 1985; and

ACCOUNTANTS REPORT TO THE SHAREHOLDERS ON THE UNAUDITED ACCOUNTS OF

TAIKOO BOOKS LIMITED (cont'd)

**Opinion**

(ii) the company satisfied the conditions for exemption from an audit of the accounts for the year specified in section 249A(4) of the Act and did not, at any time within that year, fall within any of the categories of companies not entitled to the exemption specified in section 249B(1).

Lithgow, Perkins & Co.

Reporting Accountants

8th April 1997

TAIKOO BOOKS LIMITED

BALANCE SHEET AS AT 30TH NOVEMBER 1996

| | Notes | 1996 | | 1995 | |
|---|---|---|---|---|---|
| | | £ | £ | £ | £ |
| FIXED ASSETS | | | | | |
| Tangible assets | 2 | | 14,178 | | 12,807 |
| CURRENT ASSETS | | | | | |
| Stocks | | 266,500 | | 264,000 | |
| Debtors | 3 | 19,143 | | 11,737 | |
| Cash at bank and in hand | | 36 | | 23 | |
| | | 285,679 | | 275,760 | |
| CREDITORS: Amounts falling due within one year | 4 | (119,639) | | (154,505) | |
| NET CURRENT ASSETS | | | 166,040 | | 121,255 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | 180,218 | | 134,062 |
| CREDITORS: Amounts falling due after more than one year | 5 | (44,944) | | - | |
| | | | (44,944) | | - |
| | | | 135,274 | | 134,062 |
| CAPITAL AND RESERVES | | | | | |
| Called-up share capital | 6 | | 100 | | 100 |
| Profit and loss account | | | 135,174 | | 133,962 |
| SHAREHOLDERS' FUNDS | | | 135,274 | | 134,062 |

The balance sheet is continued on page 5

The notes set out on pages 6 to 8 form an integral part of these accounts

BALANCE SHEET AS AT 30TH NOVEMBER 1996 (cont'd)

The directors consider that the company is entitled to exemption from the requirement to have an audit under the provisions of section 249A(2) of the Companies Act 1985. Shareholders holding 10% or more of the nominal value of the company's issued share capital have not issued a notice requiring an audit under Section 249B. The directors acknowledge their responsibilities for ensuring that the company keeps accounting records which comply with section 221 of the Companies Act 1985, and for preparing accounts which give a true and fair view of the state of affairs of the company as at 30th November 1996 and of its profit or loss for the year then ended in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Act relating to the accounts so far as applicable to the company.

In preparing these abbreviated accounts the directors have taken advantage of the exemptions conferred by Part I and Part III of Schedule 8 to the Companies Act 1985 and have done so on the grounds that the company is entitled to the benefits of those exemptions as a small company by virtue of section 247 of the Companies Act 1985.

Approved by the board:

D.A. Chilton D A Chilton - Director

8th April 1997

The notes set out on pages 6 to 8 form an integral part of these accounts

TAIKOO BOOKS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 30TH NOVEMBER 1996

1 ACCOUNTING POLICIES

(a) Basis of accounting

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

(b) Depreciation

Depreciation is calculated to write off the cost or valuation, less estimated residual values, of tangible fixed assets over their estimated useful lives to the business. The annual depreciation rates and methods are as follows:

| | |
|---|---|
| Motor vehicles | - 25% on reducing balance method |
| Fixtures & fittings | - 10% on reducing balance method |
| Leasehold property | - over the life of the lease |

(c) Stock

Stock is valued at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis. Net realisable value is based on estimated selling price, less any further costs of realisation.

(d) Deferred taxation

Provisions are made so that the deferred taxation account represents Corporation Tax, calculated on the liability method, in respect of the excess of tax allowances given for fixed assets over the depreciation provided, except to the extent that the directors are able to foresee that no liability is likely to arise from a reversal of the above timing differences for some considerable period.

(e) Turnover

Turnover is the total amount, excluding value added tax, receivable by the company in the ordinary course of business for goods supplied and for services provided as a principal.

(f) Foreign currencies

Transactions in foreign currencies are translated into sterling at the rates of exchange current at the dates of the transactions or at the contracted rate if the transaction is covered by a forward exchange contract.

Assets and liabilities denominated in a foreign currency are translated at the balance sheet date at the exchange rate ruling on that day or if appropriate at the forward contract rate. Resulting exchange gains and losses are taken to the profit and loss account.

TAIKOO BOOKS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 30TH NOVEMBER 1996

2 TANGIBLE FIXED ASSETS

| | Motor vehicles | Fixtures & fittings | Leasehold property | Total |
|---|---|---|---|---|
| COST | £ | £ | £ | £ |
| At 1st December 1995 | 9,000 | 12,667 | 3,333 | 25,000 |
| Additions at cost | - | 3,791 | - | 3,791 |
| At 30th November 1996 | 9,000 | 16,458 | 3,333 | 28,791 |
| | | | | |
| DEPRECIATION | | | | |
| At 1st December 1995 | 3,938 | 4,922 | 3,333 | 12,193 |
| Charge for the year | 1,266 | 1,154 | - | 2,420 |
| At 30th November 1996 | 5,204 | 6,076 | 3,333 | 14,613 |
| | | | | |
| NET BOOK VALUE | | | | |
| At 30th November 1996 | 3,796 | 10,382 | - | 14,178 |
| At 30th November 1995 | 5,062 | 7,745 | - | 12,807 |

3 DEBTORS

Debtors include a loan to a director of the company, D.A. Chilton, details of which are as follows:

| | 1996 | 1995 |
|---|---|---|
| | £ | £ |
| Amount outstanding at beginning of year | 6,263 | - |
| Amount outstanding at end of year | - | 6,263 |
| Maximum outstanding during the year | 8,172 | 8,249 |

4 CREDITORS: Amounts falling due within one year

| | 1996 | 1995 |
|---|---|---|
| | £ | £ |
| The following secured amounts fall due within one year: | | |
| Bank loans and overdrafts | 101,268 | 131,626 |

| | 1996 | 1995 |
|---|---|---|
| | £ | £ |
| Amounts payable by instalments due within one year hence: | | |
| Bank loans | 3,558 | - |

5 CREDITORS: Amounts falling due after more than one year

| | 1996 | 1995 |
|---|---|---|
| | £ | £ |
| Amounts payable more than five years hence, other than by instalments: | | |
| Bank loans | 44,944 | - |

TAIKOO BOOKS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 30TH NOVEMBER 1996

6 SHARE CAPITAL

| | Number 1996 | Value 1996 £ | Number 1995 | Value 1995 £ |
|---|---|---|---|---|
| Authorised: | | | | |
| Ordinary shares of £1 each | 5,000 | 5,000 | 5,000 | 5,000 |
| Issued and fully paid: | | | | |
| Ordinary shares of £1 each | 100 | 100 | 100 | 100 |