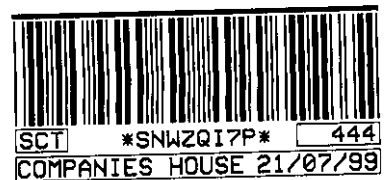


J M K BUSINESS SUPPLIES LIMITED

REPORT AND ABBREVIATED ACCOUNTS

31 August 1998

12



SPECIAL REPORT TO THE DIRECTORS OF

J M K BUSINESS SUPPLIES LIMITED

Pursuant to paragraph 8 to the Companies Act 1985

We have examined the abbreviated accounts on pages 2 to 4 together with the full financial statements of J M K Business Supplies Limited for the year ended 31 August 1998. The scope of our work for the purpose of this report was limited to confirming that the company is entitled to the exemptions claimed in the Directors' statement on page 2 and that the abbreviated accounts have been properly prepared from the full financial statements.

In our opinion the company is entitled under Sections 246 and 247 of the Companies Act 1985 to the exemptions conferred by Part 1 of Schedule 8 to that Act in respect of the year ended 31 August 1998 and the abbreviated accounts on pages 2 to 4 have been properly prepared in accordance with that Schedule.

On 24 February 1999 we reported as auditors of J M K Business Supplies Limited to the members on the full financial statements prepared under Section 226 of the Companies Act 1985 for the year ended 31 August 1998 and our audit report was as follows:

"We have audited the financial statements on pages 5 to 10 which have been prepared under the accounting policies set out on page 7.

Respective Responsibilities of Directors and Auditors

As described on page 4 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 judgements made by the directors in the preparation of the financial statements and 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 confirming 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 31 August 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985."

.....
Crawley & Fisher
Registered Auditors
Chartered Accountants

LINLITHGOW 24 February 1999

J M K BUSINESS SUPPLIES LIMITED

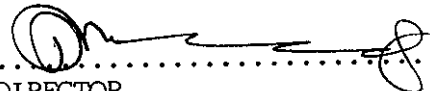
ABBREVIATED BALANCE SHEET

31 August 1998

	Notes	1998		1997
		£	£	£
<u>FIXED ASSETS</u>				
Tangible Assets	2	141,514		133,270
Investment		10,200		10,200
			151,714	143,470
<u>CURRENT ASSETS</u>				
Investment at Cost		500		500
Stock		10,902		14,349
Debtors & Prepayments		92,570		103,170
Cash in bank and on Hand		21,897		31,329
		125,869		149,348
<u>CREDITORS</u>				
Amounts falling due within one year	3	134,124		125,378
NET CURRENT ASSETS(LIABILITIES)			(8,255)	23,970
TOTAL ASSETS LESS CURRENT LIABILITIES			143,459	167,440
<u>CREDITORS</u>				
Amounts falling due after more than one year			(41,181)	(65,558)
			102,278	101,882
<u>PROVISION FOR LIABILITIES & CHARGES</u>				
Deferred Taxation			(3,576)	(2,450)
			98,702	99,432
<u>CAPITAL AND RESERVES</u>				
Called Up Share Capital	4	5,800		8,700
Capital Redemption Reserve		-		1,400
Profit and Loss Account		92,902		89,332
		98,702		99,432

The Directors rely on Sections 247 to 249 of the Companies Act 1985 entitling them to deliver abbreviated accounts to the Registrar of Companies on the grounds that the company is entitled to benefits of those Sections as a small company.

The financial statements were approved by the Board of Directors on 24 February 1999.



 DIRECTOR

J M K BUSINESS SUPPLIES LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
Year ended 31 August 1998

1 PRINCIPAL ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements have been prepared in accordance with applicable accounting standards and under the Historical Cost Accounting rules.

The company has taken advantage of the exemption from preparing a cash flow statement conferred by Financial Reporting Standard No 1 on the grounds that it is entitled to the exemption available in Section 247 of the Companies Act 1985 for small companies.

(b) Tangible Fixed Assets and Depreciation

Depreciation is provided on all tangible assets at rates calculated to write off the cost or valuation in equal instalments over the estimated lives of the assets. The rates of depreciation are as follows:

Leasehold Improvements	-	20%
Computer Equipment	-	25%
Fixtures & Fittings	-	20%
Motor Vehicles	-	25%

(c) Stock

Stock has been valued at the lower of cost and net realisable value.

(d) Deferred Taxation

Deferred Taxation is provided on differences arising from the inclusion of income and expenditure in different periods for taxation and accounting purposes where it is probable that a liability will crystallize in the foreseeable future.

2 TANGIBLE FIXED ASSETS

	<u>1998</u>	<u>1997</u>
	£	£
<u>Cost</u>		
At 1 September 1997	238,317	183,492
Additions	59,073	85,709
Disposals	(13,658)	(30,884)
	<u>283,732</u>	<u>238,317</u>
<u>Depreciation</u>		
At 1 September 1997	105,047	75,258
Charge for Year	47,005	44,846
Disposals	(9,834)	(15,057)
	<u>142,218</u>	<u>105,047</u>
<u>Net Book Value</u>		
At 31 August 1998	<u>141,514</u>	<u>133,270</u>

J M K BUSINESS SUPPLIES LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
Year ended 31 August 1998

3 CREDITORS

Amounts falling due within one year

Included in Creditors: Amounts falling due within one year, a bank overdraft amounting to £10,618 (1997 - £18,963). The bank overdraft is secured by a bond and floating charge over the assets of the company.

4 CALLED UP SHARE CAPITAL

	<u>1998</u>	<u>1997</u>
	£	£
Authorised		
10,000 Ordinary Shares of £1 each	10,000	10,000
	<u> </u>	<u> </u>
Allotted and Fully Paid		
5,800 Ordinary Shares of £1 each	5,800	8,700
	<u> </u>	<u> </u>

During the year the company repurchased from a director its own shares. The purchase for 33.3% representing 2900 Ordinary Shares was acquired on 31 August 1998 for £15,000. The excess of the purchase price over cost has resulted in a reduction of the Capital Redemption Reserve to NIL, a reduction of share capital to £5,800 and a reduction of Revenue Reserve by £10,700. This is shown as an extraordinary item in the Profit and Loss account on page 5. The overall effect of this transaction has been to reduce the total of Issued Share Capital and Reserves by £15,000 during the year.