

**INTERCAPS LIMITED  
COMPANY NO 151500**

**ABBREVIATED STATUTORY ACCOUNTS  
FOR THE YEAR ENDED 30 NOVEMBER 1997**

**WHITEHOUSE & McFADDEN  
Chartered Accountants  
EDINBURGH**

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**AUDITORS' REPORT TO INTERCAPS LIMITED  
UNDER SECTION 247B OF THE COMPANIES ACT 1985**

We have examined the abbreviated accounts on pages 2 to 5 together with the financial statements of Intercaps Limited for the year ended 30 November 1997 prepared under Section 226 of the Companies Act 1985.

**RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

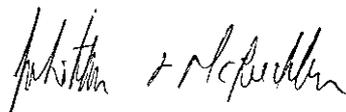
The directors are responsible for preparing the abbreviated accounts in accordance with Section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with Section 246(5) and (6) of the Act to the registrar of companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

**BASIS OF OPINION**

We have carried out the procedures we considered necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

**OPINION**

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Section 246(5) and (6) of the Companies Act 1985, and the abbreviated accounts on pages 2 to 5 are properly prepared in accordance with those provisions.



**WHITEHOUSE & McFADDEN**  
Chartered Accountants and Registered Auditors  
29a Stafford Street  
Edinburgh  
EH3 7BJ

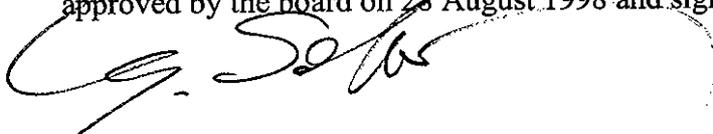
28 August 1998

**INTERCAPS LIMITED**  
**ABBREVIATED BALANCE SHEET**  
**AS AT 30 NOVEMBER 1997**

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	Note	1997		1996	
		£	£	£	£
<b>FIXED ASSETS</b>					
Tangible Assets	2		28,344		36,950
<b>INVESTMENTS</b>			<u>2</u>		<u>-</u>
			28,346		36,950
<b>CURRENT ASSETS</b>					
Stocks		132,606		79,589	
Debtors		222,464		172,501	
Cash		<u>55,694</u>		<u>57</u>	
		410,764		252,147	
<b>CREDITORS (amounts falling due within one year)</b>					
		<u>(672,138)</u>		<u>(430,599)</u>	
<b>NET CURRENT (LIABILITIES)</b>			<u>(261,374)</u>		<u>(178,452)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>(233,028)</u>		<u>(141,502)</u>
<b>CREDITORS (amounts falling due after more than one year)</b>			<u>(12,275)</u>		<u>(9,908)</u>
<b>PROVISION FOR LIABILITIES AND CHARGES</b>					
Deferred Tax			<u>-</u>		<u>-</u>
<b>NET (LIABILITIES)</b>			<u>(245,303)</u>		<u>(151,410)</u>
<b>CAPITAL AND RESERVES</b>					
Called Up Share Capital	3		15,012		2,000
Profit and Loss Account			<u>(260,315)</u>		<u>(153,410)</u>
<b>SHAREHOLDERS' FUNDS</b>			<u>(245,303)</u>		<u>(151,410)</u>

The financial statements which have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to small companies, and in accordance with the Financial Reporting Standard for Smaller Entities, were approved by the board on 28 August 1998 and signed on its behalf.

  
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The Notes on pages 3 to 5 form part of these financial statements.

**NOTES TO THE ABBREVIATED ACCOUNTS  
FOR THE YEAR ENDED 30 NOVEMBER 1997**

## 1 ACCOUNTING POLICIES

Basis of Preparation of Financial Statements

The financial statements are prepared under the historical cost convention.

Turnover

Turnover comprises the invoiced value of goods and services supplied by the company, net of Value Added Tax and trade discounts.

Tangible Fixed Assets and Depreciation

Tangible fixed assets are stated at cost or valuation less depreciation.

Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases –

Office Equipment	20% straight line basis
Motor Vehicles	25% straight line basis

Stocks and Work in Progress

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

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 ruling on the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

**NOTES TO THE ABBREVIATED ACCOUNTS  
FOR THE YEAR ENDED 30 NOVEMBER 1997****1 ACCOUNTING POLICIES (CONTD.)****Leasing and Hire Purchase**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

**Deferred Taxation**

Provision is made for deferred taxation as a result of material timing differences between their incidence of income and expenditure for taxation and accounts purposes, using the liability method, only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the near future.

**NOTES TO THE ABBREVIATED ACCOUNTS  
FOR THE YEAR ENDED 30 NOVEMBER 1997**

2 FIXED ASSETS

	Tangible Fixed Assets £
COST	
At 30 November 1996	43,919
Additions	23,023
Disposals	<u>(25,501)</u>
At 30 November 1997	<u>41,441</u>
DEPRECIATION	
At 30 November 1996	6,969
Charge for year	9,845
On Disposals	<u>(3,717)</u>
At 30 November 1997	<u>13,097</u>
NET BOOK VALUE	
At 30 November 1997	<u>28,344</u>
At 30 November 1996	<u>36,950</u>

3 CALLED UP SHARE CAPITAL

	1997	1996
Authorised - Ordinary Shares of £1 each	<u>100,000</u>	<u>10,000</u>
Allotted, Called Up and Fully Paid - Ordinary Shares of £1 each	<u>15,012</u>	<u>2,000</u>

4 ULTIMATE HOLDING COMPANY

100% of the company's share capital is owned by Intercaps N.V. This company is registered in Netherland Antilles, corporation number 76027.