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AUDITORS' REPORT TO THE DIRECTORS OF

JAMES HARTLEY LIMITED

In our opinion the Directors are entitled by Section 247 to 249 of the Companies Act 1985 to deliver modified financial statements in respect of the year ended 28th February 1987 and, in particular, modified financial statements have been properly prepared in accordance with Schedule 8 to that Act. We are not required to express an audit opinion on the truth and fairness of these modified financial statements.

We reported, as auditors of James Hartley Limited to the members on 3rd November 1987 on the Company's financial statements prepared under Section 227 of the Companies Act 1985 for the year ended 28th February 1987, and our audit opinion was as follows :

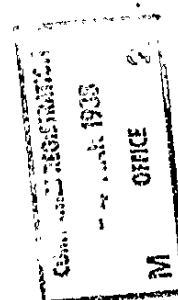
"We have audited the financial statements on pages 3 to 8 in accordance with approved Auditing Standards.

In common with many businesses of similar size and organisation, the Company's system of control is dependent upon the close involvement of the Directors who are also the shareholders. Where independent confirmation of the completeness of the accounting records was therefore not available, we have accepted assurances from the Directors that all the Company's transactions have been reflected in the records.

Subject to the foregoing, in our opinion, the financial statements give a true and fair view of the state of the Company's affairs at the 28th February 1987 and of its profit and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985."

Walker & Sutcliffe  
Chartered Accountants  
Huddersfield

3rd November 1987



JAMES HARTLEY LIMITED

BALANCE SHEET AS AT 28th FEBRUARY 1987

	<u>Note</u>	<u>1987</u>	<u>1986</u>
FIXED ASSETS			
Tangible Fixed Assets		13659	15371
Investments		<u>43865</u>	<u>43865</u>
		57524	59236
CURRENT ASSETS			
Stocks		40951	35472
Debtors and Prepayments		<u>257097</u>	<u>239280</u>
Cash at Bank and in Hand		6617	5809
		<u>304665</u>	<u>280561</u>
CREDITORS : Amounts falling due within one year		<u>(211354)</u>	<u>(218678)</u>
NET CURRENT ASSETS		93311	61883
Total Assets Less Current Liabilities		<u>£150835</u>	<u>£121119</u>
CAPITAL AND RESERVES			
Called up Share Capital	2	24000	24000
Retained Profits		<u>126835</u>	<u>97119</u>
		<u>£150835</u>	<u>£121119</u>

G.S. Chima

S.S. Khela

*G.S. Chima*  
Directors

*S.S. Khela*

Approved by the Directors on  
3rd November 1987

JAMES HARTLEY LIMITED

NOTES TO ACCOUNTS AT 28th FEBRUARY 1987

1. ACCOUNTING POLICIES

- a) The accounts are prepared under the historical cost convention.
- b) Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost of each asset evenly over its expected useful life.

The current rates of depreciation in use are :-

Fixtures and Fittings	15% p.a.
Motor Vehicles	25% p.a.

- c) Stocks are stated at the lower of cost and net realisable value.

2. CALLED UP SHARE CAPITAL

	<u>Authorised</u>	<u>Allotted Issued and Fully Paid</u>
Ordinary Shares of £1 each	<u>30000</u>	<u>24000</u>

3. CONTINGENT LIABILITY

The Company has given an unlimited guarantee in favour of the bank in respect of the bank borrowing of Wiltex by Wilson Limited.