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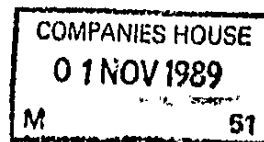
HOW ENGINEERING SERVICES NORTHERN LIMITED

DIRECTORS' REPORT

AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1988



HOW ENGINEERING SERVICES NORTHERN LIMITED
(A wholly owned subsidiary of How Engineering Services Limited,
incorporated in England)

REPORT OF THE DIRECTORS

The directors present their annual report and the audited financial statements of the Company for the year ended 31 December 1988.

PRINCIPAL ACTIVITY

How Engineering Services Northern Limited is a holding company, the principal activity of its subsidiary being the design, supply and installation of services to buildings. There were no significant changes in this activity during the year.

GROUP FINANCIAL STATEMENTS

As the Company is a wholly owned subsidiary of How Engineering Services Limited, group financial statements are not submitted in respect of the Company and its subsidiary.

In the opinion of the directors the value of the Company's investment in its subsidiary is not less than the amount at which it is stated in the balance sheet.

PROFIT AND LOSS ACCOUNT

No profit and loss account is presented with this report as the Company has not traded during the year.

DIRECTORS AND THEIR INTERESTS

The directors at 31 December 1988 were:-

C J Parkinson - (Chairman)
A Hogarth

In accordance with the Articles of Association directors are not required to retire by rotation.

The directors hold no shares of the Company.

HOW ENGINEERING SERVICES NORTHERN LIMITED

REPORT OF THE DIRECTORS
(continued)

AUDITORS

Binder Hamlyn changed their name on 12 September 1988 to BDO Binder Hamlyn and have accordingly signed their report in that name. BDO Binder Hamlyn offer themselves for re-appointment in accordance with Section 384(1) Companies Act 1985.

Intersection House
West Bromwich
West Midlands
B70 6RX

BY ORDER OF THE BOARD

C S Dixon

Secretary

5 May 1989

REPORT OF THE AUDITORS TO THE MEMBERS OF
HOW ENGINEERING SERVICES NORTHERN LIMITED

We have audited the financial statements set out on pages 4 and 5 in accordance with approved Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the Company at 31 December 1988 and comply with the Companies Act 1985.

The Rotunda
150 New Street
Birmingham
B2 4PD

5 May 1989

BDO BINDER HAMLYN
Chartered Accountants

HOW ENGINEERING SERVICES NORTHERN LIMITED

BALANCE SHEET AT 31 DECEMBER 1988

	Notes	1988 £	1987 £
FIXED ASSETS			
Investments	1	10,000	10,000
CURRENT ASSETS			
Debtors	2	174,887	174,887
TOTAL ASSETS		<u>£184,887</u> =====	<u>£184,887</u> =====
CAPITAL AND RESERVES			
Called up share capital	3	10,000	10,000
Profit and loss account		128,176	128,176
Other reserves		46,711	46,711
SHAREHOLDERS' FUNDS		<u>£184,887</u> =====	<u>£184,887</u> =====

Signed on behalf of the Board

C J Parkinson)

A Hogarth)

Directors

Date of approval 5 May 1989

The notes set out on page 5 form part of these financial statements.

HOW ENGINEERING SERVICES NORTHERN LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1 FIXED ASSET INVESTMENT 1988 1987

Investment in subsidiary company, at cost	£10,000	£10,000
	<u> </u>	<u> </u>

The Company's subsidiary company, which is wholly owned and incorporated in Scotland, is How Engineering Services Scotland Limited

2 DEBTORS 1988 1987

£ £

Amounts owed by Group companies	174,887	165,752
Corporation tax recoverable	-	9,135
	<u> </u>	<u> </u>
	£174,887	£174,887
	=====	=====

3 CALLED UP SHARE CAPITAL 1988 1987

£ £

Authorised, allotted and fully paid 10,000 ordinary shares of £1 each	£10,000	£10,000
	=====	=====

4 CONTINGENT LIABILITIES

The Company has entered into an unlimited multilateral guarantee in respect of the bank borrowings of How Group plc and its subsidiaries, under which the Company had a contingent liability at 31 December 1988 of £11,682,000 (1987 - £3,197,000) relating to the overdrafts of certain companies.

5 ULTIMATE HOLDING COMPANY

The Company's ultimate holding company is How Group plc, incorporated in England.