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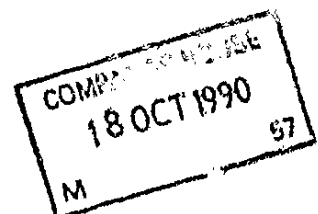
HOW ENGINEERING SERVICES NORTHERN LIMITED

DIRECTORS' REPORT

AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1989



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 1989.

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 1989 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

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

4 May 1990

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 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 1989 and have been properly prepared in accordance with the Companies Act 1985.

The Rotunda
150 New Street
Birmingham
B2 4PD

4 May 1990

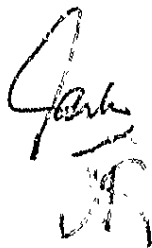
BDO BINDER HAMLYN
Chartered Accountants

HOW ENGINEERING SERVICES NORTHERN LIMITED

BALANCE SHEET AT 31 DECEMBER 1989

FIXED ASSETS	Notes	1989 £	1988 £
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)
) Directors
 A. Hogarth)

Date of approval 4 May 1990

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	1989	1988
	Investment in subsidiary company, at cost	£10,000	£10,000

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

2	DEBTORS	1989	1988
	Amounts owed by Group companies	£174,887	£174,887

3	CALLED UP SHARE CAPITAL	1989	1988
		£	£
	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 1989 of £9,737,281 (1988 - £11,682,000) relating to the overdrafts of certain companies.

5 ULTIMATE HOLDING COMPANY

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