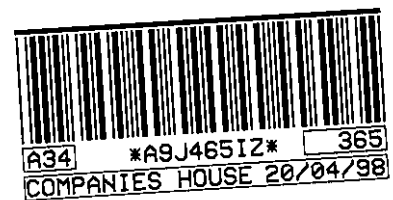


5
REGISTERED NUMBER: 823931 (England and Wales)

ABBREVIATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 1997

FOR

HOWLAND WEST LIMITED



HOWLAND WEST LIMITED

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HOWLAND WEST LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31ST DECEMBER 1997

DIRECTORS: J RUPPIN
D HAFLER
A ZAGURY
A TOLEDANO
D W HARTBURN

SECRETARY: A ALLENSTEIN

REGISTERED OFFICE: 13 DAVID MEWS
PORTER STREET
LONDON
W1M 1HW

REGISTERED NUMBER: 823931 (England and Wales)

AUDITORS: GOLDWYNS
REGISTERED AUDITOR
CHARTERED ACCOUNTANTS
RUTLAND HOUSE
90/92 BAXTER AVENUE
SOUTHEND-ON-SEA
ESSEX SS2 6HZ

HOWLAND WEST LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST DECEMBER 1997

The directors present their report with the financial statements of the company for the year ended 31st December 1997.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of professional audio and visual equipment wholesalers.

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

DIVIDENDS

Interim dividends per share were paid as follows:

Voting ordinary shares		
(Classes A, B and C) £1 shares	13.33	- 30th June 1997
	<u>5.34</u>	- 30th December 1997
	<u>18.67</u>	
Non - voting ordinary shares		
(Class D) £1 shares	13.33	- 30 th June 1997
	<u>5.34</u>	- 30 th December 1997
	<u>18.67</u>	

The directors recommend that no final dividends be paid.

The total distribution of dividends for the year ended 31st December 1997 will be £289,333.

FIXED ASSETS

The movements in fixed assets are summarised in the attached financial statements.

DIRECTORS

The beneficial interests of the directors holding office on 31 December 1997 in the issued share capital of the company were as follows:

Director	31.12.97	1.1.97
J RUPPIN ("A" Ordinary shares)	3,375	3,375
D HAFLER ("A" Ordinary shares)	4,125	4,125
A ZAGURY	-	-
A TOLEDANO	-	-
D HARTBURN ("D" Ordinary shares)	500	500

CHARITABLE DONATIONS

Charitable donations of £5,717 were made in the year.

HOWLAND WEST LIMITED

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST DECEMBER 1997**

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

The auditors, GOLDWYNS, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:

A ALLENSTEIN - SECRETARY

A handwritten signature in cursive script, appearing to read 'A. Allenstein', written over a horizontal line.

Dated: _____

HOWLAND WEST LIMITED

REPORT OF THE AUDITORS TO HOWLAND WEST LIMITED UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated financial statements on pages six to seventeen, together with the full financial statements of the company for the year ended 31st December 1997 prepared under Section 226 of the Companies Act 1985.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated financial statements in accordance with Section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated financial statements prepared in accordance with Section 246A(3) of the Act to the Registrar of Companies and whether the financial statements to be delivered are properly prepared in accordance with that provision and to report our opinion to you.

Basis of opinion

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated financial statements and that the abbreviated financial statements 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 full financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated financial statements prepared in accordance with Section 246A(3) of the Companies Act 1985, and the abbreviated financial statements on pages six to seventeen are properly prepared in accordance with that provision.

Other information

On 14th April 1998 we reported, as auditors to the shareholders of the company on the financial statements for the year ended 31st December 1997 prepared under Section 226 of the Companies Act 1985, and our report was as follows:

"We have audited the financial statements on pages five to sixteen which have been prepared under the historical cost convention and the accounting policies set out on page ten.

Respective responsibilities of directors and auditors

As described on page three 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 judgments made by the directors in the preparation of the financial statements, and of 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 forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Qualified opinion arising from disagreement about accounting treatment


The company has not made a provision for the depreciation of its freehold buildings. This is not in accordance with the requirements of Statement of Standard Accounting Practice No.12 and of Schedule 4 to the Companies Act 1985. In our opinion a provision of £10,848 (1996 - £10,848) should have been made. The effect of the company's accounting policy has been to overstate the company's profit before and after tax by this amount.

HOWLAND WEST LIMITED
REPORT OF THE AUDITORS TO
HOWLAND WEST LIMITED
UNDER SECTION 247B OF THE COMPANIES ACT 1985

Except for the absence of this provision, in our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1997 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

Distributions

In our opinion, the subject matter of the above qualification is not material for determining, by reference to these financial statements, whether the distribution (interim dividend for the year ended 31 December 1997) of £289,333 proposed by the company is permitted under Section 270 of the Companies Act 1985."



GOLDWYNS
REGISTERED AUDITOR
CHARTERED ACCOUNTANTS
RUTLAND HOUSE
90/92 BAXTER AVENUE
SOUTHEND-ON-SEA
ESSEX SS2 6HZ

Dated: 14TH MARCH 1998

HOWLAND WEST LIMITED

ABBREVIATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 1997

		1997		1996	
	Notes	£	£	£	£
GROSS PROFIT			1,979,062		1,733,577
Distribution costs		484,411		449,185	
Administrative expenses		919,824		828,089	
			1,404,235		1,277,274
OPERATING PROFIT	3		574,827		456,303
Interest receivable and similar income	4		15,186		7,830
			590,013		464,133
Interest payable and similar charges	5		5,788		8,787
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			584,225		455,346
Tax on profit on ordinary activities	6		167,250		137,159
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION			416,975		318,187
Dividends	7		289,333		122,667
			127,642		195,520
Retained profit brought forward			1,595,795		1,400,275
RETAINED PROFIT CARRIED FORWARD			£1,723,437		£1,595,795

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current and previous years.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current and previous years.

HOWLAND WEST LIMITED

ABBREVIATED BALANCE SHEET 31ST DECEMBER 1997

		1997		1996	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	8		751,441		751,675
CURRENT ASSETS:					
Stocks	9	663,354		656,138	
Debtors	10	766,315		590,568	
Cash at bank and in hand		252,661		179,005	
		1,682,330		1,425,711	
CREDITORS: Amounts falling due within one year	11	621,334		482,591	
NET CURRENT ASSETS:			1,060,996		943,120
TOTAL ASSETS LESS CURRENT LIABILITIES:			1,812,437		1,694,795
PROVISIONS FOR LIABILITIES AND CHARGES:	13		73,500		83,500
			<u>£1,738,937</u>		<u>£1,611,295</u>
CAPITAL AND RESERVES:					
Called up share capital	14		15,500		15,500
Profit and loss account			1,723,437		1,595,795
Shareholders' funds	19		<u>£1,738,937</u>		<u>£1,611,295</u>

These abbreviated financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies.

ON BEHALF OF THE BOARD:

J RUPPIN - DIRECTOR

D HAFLER - DIRECTOR

David Hafler

Approved by the Board on 14TH APRIL 1998

HOWLAND WEST LIMITED

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 1997**

		<u>1997</u>	<u>1996</u>
	Notes	£	£
Net cash inflow from operating activities	1	607,566	440,924
Returns on investments and servicing of finance	2	9,398	(957)
Taxation		(178,826)	(91,713)
Capital expenditure	2	(74,938)	(88,001)
Equity dividends paid		(289,333)	(122,667)
		<u>73,867</u>	<u>137,586</u>
Financing	2	(211)	(217,834)
Increase/(Decrease) in cash in the period		<u>£73,656</u>	<u>£(80,248)</u>
<hr/>			
Reconciliation of net cash flow to movement in net funds	3		
Increase/(Decrease) in cash in the period		<u>73,656</u>	<u>(80,248)</u>
Change in net funds resulting from cash flows		<u>73,656</u>	<u>(80,248)</u>
Movement in net funds in the period		<u>73,656</u>	<u>(80,248)</u>
Net funds at 1st January 1997		<u>179,005</u>	<u>259,253</u>
Net funds at 31st December 1997		<u>£252,661</u>	<u>£179,005</u>

The notes form part of these financial statements

HOWLAND WEST LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 1997

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	1997 £	1996 £
Operating profit	574,827	456,303
Depreciation charges	67,937	64,620
Loss on sale of fixed assets	7,233	-
Profit on sale of fixed assets	-	(16,748)
(Decrease)/increase in service guarantee provision	(10,000)	12,500
Increase in stocks	(7,216)	(41,227)
Increase in debtors	(175,747)	(50,429)
Increase in creditors	150,532	15,905
Net cash inflow from operating activities	607,566	440,924

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	1997 £	1996 £
Returns on investments and servicing of finance		
Interest received	15,186	7,830
Interest paid	(5,788)	(8,787)
Net cash inflow/(outflow) for returns on investments and servicing of finance	9,398	(957)
Capital expenditure		
Purchase of tangible fixed assets	(94,969)	(124,351)
Sale of tangible fixed assets	20,031	36,350
Net cash outflow for capital expenditure	(74,938)	(88,001)
Financing		
Bank loan repaid	-	(62,500)
Movement in other loans	(211)	(155,834)
Cash receipt re share issue	-	500
Net cash outflow from financing	(211)	(217,834)

The notes form part of these financial statements

HOWLAND WEST LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 1997

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.1.97 £	Cash flow £	At 31.12.97 £
Net cash:			
Cash at bank and in hand	179,005	73,656	252,661
	<u>179,005</u>	<u>73,656</u>	<u>252,661</u>
Total	<u>179,005</u>	<u>73,656</u>	<u>252,661</u>
Analysed in Balance Sheet			
Cash at bank and in hand	179,005		252,661
	<u>179,005</u>		<u>252,661</u>

HOWLAND WEST LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 1997

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention.

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property	- No depreciation
Plant & Machinery	- 10% on cost
Fixtures & Fittings	- 10% on cost
Motor vehicles	- 25% on cost
Computer equipment	- 33% on cost

Stocks

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Deferred taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

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

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the profit and loss account as incurred.

Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions payable for the year are charged in the profit and loss account.

2. STAFF COSTS

	1997	1996
	£	£
Wages and salaries	675,420	611,900
Social security costs	68,825	61,595
Other pension costs	17,849	23,725
	<hr/>	<hr/>
	762,094	697,220
	<hr/>	<hr/>

HOWLAND WEST LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 1997

2. STAFF COSTS - continued

The average monthly number of employees during the year was as follows:

	1997	1996
Office and Administration	8	8
Selling and Distribution	18	18
Service and Repair	2	2
	<u>28</u>	<u>28</u>

3. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	1997	1996
	£	£
Depreciation - owned assets	67,937	64,620
Loss/(Profit) on disposal of fixed assets	7,233	(16,748)
Auditors' remuneration	8,900	8,200
Foreign exchange differences	(83,156)	(81,749)
Hire of Plant and Machinery	1,940	1,940
	<u>122,796</u>	<u>58,303</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	1	2
	<u>1</u>	<u>2</u>

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	1997	1996
	£	£
Deposit account interest	15,186	7,830
	<u>15,186</u>	<u>7,830</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	1997	1996
	£	£
Bank interest	-	1,705
Loan interest	5,788	7,082
	<u>5,788</u>	<u>8,787</u>

HOWLAND WEST LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 1997

6. TAXATION

The tax charge on the profit on ordinary activities for the year was as follows:

	1997 £	1996 £
UK Corporation Tax	167,250	137,159

UK Corporation Tax has been charged at 28.10% (1996 - 28.40%).

7. DIVIDENDS

	1997 £	1996 £
Equity shares:		
15,000 Voting ordinary shares (Classes A, B and C) shares of £1 each		
Interim	280,000	120,000
500 Non - voting ordinary shares (Class D) shares of £1 each		
Interim	9,333	2,667
	289,333	122,667

8. TANGIBLE FIXED ASSETS

	Freehold property £	Plant & Machinery £	Fixtures & Fittin- gs £
COST:			
At 1st January 1997	542,379	24,075	206,504
Additions	-	7,903	16,720
Disposals	-	-	(9,219)
At 31st December 1997	542,379	31,978	214,005
DEPRECIATION:			
At 1st January 1997	-	16,768	116,413
Charge for year	-	2,071	16,555
Eliminated on disposals	-	-	(7,375)
At 31st December 1997	-	18,839	125,593
NET BOOK VALUE:			
At 31st December 1997	542,379	13,139	88,412
At 31st December 1996	542,379	7,307	90,092

HOWLAND WEST LIMITED

**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 1997**

8. TANGIBLE FIXED ASSETS - continued

	Motor vehicles	Computer equipment	Totals
	£	£	£
COST:			
At 1st January 1997	185,531	86,257	1,044,746
Additions	58,525	11,821	94,969
Disposals	(66,544)	-	(75,763)
	<hr/>	<hr/>	<hr/>
At 31st December 1997	177,512	98,078	1,063,952
	<hr/>	<hr/>	<hr/>
DEPRECIATION:			
At 1st January 1997	77,142	82,750	293,073
Charge for year	42,288	7,023	67,937
Eliminated on disposals	(41,124)	-	(48,499)
	<hr/>	<hr/>	<hr/>
At 31st December 1997	78,306	89,773	312,511
	<hr/>	<hr/>	<hr/>
NET BOOK VALUE:			
At 31st December 1997	99,206	8,305	751,441
	<hr/>	<hr/>	<hr/>
At 31st December 1996	108,389	3,508	751,675
	<hr/>	<hr/>	<hr/>

9. STOCKS

	1997	1996
	£	£
Goods for resale	663,354	656,138
	<hr/>	<hr/>

**10. DEBTORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	1997	1996
	£	£
Trade debtors	699,503	531,376
Other debtors	29,361	23,685
Prepayments	37,451	35,507
	<hr/>	<hr/>
	766,315	590,568
	<hr/>	<hr/>

**11. CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	1997	1996
	£	£
Trade creditors	320,425	201,374
Other loans	50,000	50,213
Other creditors	6,505	4,596
Social security & other taxes	50,964	64,969
Taxation	115,583	127,159
Accrued expenses	77,857	34,280
	<hr/>	<hr/>
	621,334	482,591
	<hr/>	<hr/>

HOWLAND WEST LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 1997

12. OBLIGATIONS UNDER LEASING AGREEMENTS

The following payments are committed to be paid within one year:

	Operating leases	
	1997	1996
	£	£
Expiring:		
Between one and five years	1,940	1,940
	<u> </u>	<u> </u>

13. PROVISIONS FOR LIABILITIES AND CHARGES

	1997	1996
	£	£
Service guarantee provision	73,500	83,500
	<u> </u>	<u> </u>

	Other provisions
	£
Balance at 1st January 1997	83,500
Profit and loss account	(10,000)
	<u> </u>
Balance at 31st December 1997	73,500
	<u> </u>

The amount for which no provision has been made in respect of deferred taxation, is as follows:

	1997	1996
	£	£
Accelerated capital allowances	4,818	-
	<u> </u>	<u> </u>

HOWLAND WEST LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 1997

14. CALLED UP SHARE CAPITAL

Authorised: Number:	Class:	Nominal value:	1997 £	1996 £
15,000	Voting ordinary shares (Classes A, B and C)	£1	15,000	15,000
1,000	Non - voting ordinary shares (Class D)	£1	1,000	1,000
			<u>16,000</u>	<u>16,000</u>

Allotted, issued and fully paid: Number:	Class:	Nominal value:	1997 £	1996 £
15,000	Voting ordinary shares (Classes A, B and C)	£1	15,000	15,000
500	Non - voting ordinary shares (Class D)	£1	500	500
			<u>15,500</u>	<u>15,500</u>

The voting share capital of the company can be sub classified as follows:

Number:	Class:	Nominal Value:	1997	1996
7,500	"A" Ordinary	£1	7,500	7,500
3,000	"B" Ordinary	£1	3,000	3,000
4,500	"C" Ordinary	£1	4,500	4,500
			<u>15,000</u>	<u>15,000</u>

15. CONTINGENT LIABILITIES

There is a contingent liability in respect of a £350,000 guarantee to Customs and Excise.

16. PENSION COMMITMENTS

The company has a fully insured defined contribution pension scheme for its present directors and employees. The premiums paid and charged to the financial statements were:

	1997 £	1996 £
Directors	3,222	10,495
Employees	14,627	13,230
	<u>17,849</u>	<u>23,725</u>

17. TRANSACTIONS WITH DIRECTORS

During the year payments totalling £4,219 were made to J Ruppini and £534 to D Hafler being interest on monies loaned to the company by these directors. Interest was paid at 1% above Bank of England base rate. At the balance sheet date there was £50,000 (1996 - £50,213) payable to J Ruppini.

HOWLAND WEST LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 1997

18. RELATED PARTY DISCLOSURES

During the year, goods to the value of £844 (1996 £9,087) were sold to Cineco S.A and goods purchased to the value of £329 (1996 £Nil) from Cineco S.A, a shareholder of the company.

There is no ultimate controlling party.

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1997 £	1996 £
Profit for the financial year	416,975	318,187
Dividends	(289,333)	(122,667)
	<hr/>	<hr/>
	127,642	195,520
Issue of shares	-	500
	<hr/>	<hr/>
NET ADDITION TO SHAREHOLDERS' FUNDS	127,642	196,020
Opening shareholders' funds	1,611,295	1,415,275
	<hr/>	<hr/>
CLOSING SHAREHOLDERS' FUNDS	1,738,937	1,611,295
	<hr/>	<hr/>
Equity interests	1,738,937	1,611,295
	<hr/>	<hr/>