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ROSSENDALE HOLDINGS LIMITED

WESLEY HOUSE

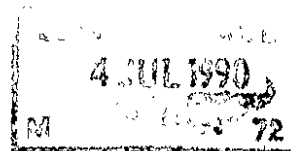
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RAWTENSTALL

MODIFIED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 SEPTEMBER 1989





PIERCE

CHARTERED ACCOUNTANTS

Special Audit Report in compliance with Schedule 8 Paragraph 10 of the Companies Act 1985 for the year ended 30 September 1989

ROSSENDALE HOLDINGS LIMITED

The financial statements set out on pages 2 to 8 have been prepared on the basis of the modifications available to small companies under Schedule 8 of the Companies Act 1985. In our opinion, the Directors are entitled to deliver modified accounts in respect of the year ended 30 September 1989 as claimed in the Directors' statement and the financial statements have been properly prepared in accordance with Schedule 8 of the Companies Act 1985.

We reproduce below our audit report to the members of the company on the full financial statements for the year ended 30 September 1989.

"We have audited the financial statements on pages 5 to 20 in accordance with approved Auditing Standards, having regard to the matters referred to in the following paragraphs.

As indicated in previous financial statements, the company/group instituted a legal action against a supplier of computer equipment and judgement has been found against the company/group. At the time of this report, it is not possible to determine the exact financial consequences of this judgement, although the company has already paid a large amount of the anticipated costs. Until the costs have been calculated by the courts, we are unable to form an opinion as to the resultant impact upon the Group's financial position.

Our report on the financial statements of a subsidiary company has been qualified on a going concern basis. The going concern basis assumes that adequate finance will be provided to that subsidiary from either internal or external resources, and accordingly the financial statements do not embrace the adjustments, if any, which would result to reduce the value of the assets of the subsidiary to their recoverable amounts.

Subsequent to the year end, this subsidiary has ceased trading and all stocks have been sold. No material losses are anticipated and no reductions in values have been included in the financial statements to 30 September 1989.

Subject to any adjustments arising from the above, in our opinion the financial statements give a true and fair view of the state of the affairs of the Group and the Company at 30 September 1989 and of the profit and source and application of funds of the Group and the Company for the year then ended, and comply with the Companies Act 1985."

Pierce

CHARTERED ACCOUNTANTS

1 June 1990

jd



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ROSSENDALE HOLDINGS LIMITED

GROUP BALANCE SHEET AS AT 30 SEPTEMBER 1989

	NOTES	£	1989	£	1988	£
<u>FIXED ASSETS</u>						
Intangible Assets			-			-
Tangible Assets			<u>151,770</u>			<u>171,170</u>
			151,770			171,170
<u>CURRENT ASSETS</u>						
Stocks		57,997			49,296	
Debtors	2	107,842			72,762	
Building Society						
Deposits		10,003			14,363	
Cash at Bank and						
in Hand		<u>191,099</u>			<u>186,629</u>	
		372,941			323,050	
<u>CREDITORS: Amounts falling</u>						
due within one year		<u>431,498</u>			<u>401,981</u>	
<u>NET CURRENT LIABILITIES</u>			(58,557)			(78,931)
<u>TOTAL ASSETS LESS</u>						
<u>CURRENT LIABILITIES</u>			93,213			92,239
<u>CREDITORS: Amounts falling</u>						
due after more than						
one year						
Hire Purchase &						
Finance Company						
Loans	4		<u>7,905</u>			<u>23,687</u>
			85,308			68,552
<u>PROVISION FOR LIABILITIES</u>						
<u>AND CHARGES</u>						
Deferred Taxation	5		<u>8,624</u>			<u>11,977</u>
<u>TOTAL NET ASSETS</u>			<u>76,684</u>			<u>56,575</u>
			=====			=====
<u>CAPITAL AND RESERVES</u>						
Called up Share						
Capital	6		13,189			13,189
Profit & Loss						
Account			<u>63,495</u>			<u>43,386</u>
			<u>76,684</u>			<u>56,575</u>
			=====			=====

We have relied on the exemptions for the accounts of a holding company available under Section 250 Companies Act 1985 and have done so on the basis that the Group is entitled to the benefit of those exemptions as a small sized Group.

)
) DIRECTORS

1 June 1990
 jd

The notes on pages 4 to 8 form part of these financial statements.

ROSSENDALE HOLDINGS LIMITED

BALANCE SHEET AS AT 30 SEPTEMBER 1989

			<u>1989</u>		<u>1988</u>
	<u>NOTES</u>	£	£	£	£
<u>FIXED ASSETS</u>					
Tangible Assets			130,199		130,968
<u>INVESTMENTS</u>					
Investment in Subsidiary Company	3		<u>14,341</u> 144,540		<u>14,341</u> 145,309
<u>CURRENT ASSETS</u>					
Debtors	2	66,423		72,345	
Cash at Bank and in Hand		<u>3,059</u> 69,482		<u>2,895</u> 75,240	
<u>CREDITORS: Amounts falling due within one year</u>		<u>170,743</u>		<u>174,749</u>	
<u>NET CURRENT LIABILITIES</u>			(101,261)		(99,509)
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>			43,279		45,800
<u>CREDITORS: Amounts falling due after more than one year</u>	4		7,905		23,687
<u>PROVISION FOR LIABILITIES AND CHARGES</u>					
Deferred Taxation	5		<u>4,685</u>		<u>3,866</u>
<u>TOTAL NET ASSETS</u>			30,689 =====		18,247 =====
<u>CAPITAL AND RESERVES</u>					
Called up Share Capital	6		13,189		13,189
Profit & Loss Account			<u>17,500</u>		<u>5,058</u>
			30,689 =====		18,247 =====

We have relied on the exemptions for individual accounts available under Sections 247 to 249 Companies Act 1985 and have done so on the basis that the company is entitled to the benefit of those exemptions as a small sized Company.

.....*C. Adams*.....)
*Bill*.....) DIRECTORS

1 June 1990
jd

The notes on pages 4 to 8 form part of these financial statements.

ROSSENDALE HOLDINGS LIMITED

NOTES TO THE MODIFIED ACCOUNTS

Events relating to the year ended 30 September 1989 which have occurred before the date of approval of the Accounts by the Board of Directors, have been included in the Accounts to the extent required by Statement of Standard Accounting Practice No 17.

1) ACCOUNTING POLICIES

Accounting Convention

The accounts are prepared under the historical cost convention.

Basis of Consolidation

The Group Accounts consolidate the accounts of Rossendale Holdings Limited, and all its subsidiaries made up to 30 September each year.

Goodwill

Goodwill carried in the company and Group balance sheets represents goodwill arising on consolidation following the acquisition of a number of incorporated businesses.

With effect from 1 October 1985 the company and the Group are amortising purchased and consolidated goodwill arising on the acquisition of various businesses over a period of 2 years, which the directors consider represents the estimated foreseeable maximum remaining useful economic life of the asset.

All Goodwill arising in respect of any further acquisitions will be written off immediately against reserves in accordance with the requirements of Statement of Standard Accounting Practice No 22 "Accounting for Goodwill".

Depreciation

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, as follows:

	%
Office Equipment	10
Computer Software	33.1/3
Vehicles	25
Tenants Improvements	10

Stocks

Stocks are stated at the lower of cost and net realisable value. Net realisable value is based on estimated selling prices less further costs expected to be incurred to disposal.

ROSSENDALE HOLDINGS LIMITED

NOTES TO THE MODIFIED ACCOUNTS (CONTINUED)

1) ACCOUNTING POLICIES (Continued)

Deferred Taxation

No provision is made in respect of the liability for deferred taxation except where there is reasonable probability that such liability will arise in the foreseeable future, in which circumstances provision is made on the liability method at the current rate of Corporation Tax.

Debtors

Debtors are shown in the Balance Sheet after known bad debts have been written off and after the deduction of specific provision for debts not considered fully collectable.

Hire Purchase Transactions

The amounts advanced under hire purchase agreements are written off over the term of the agreement in equal instalments. Interest charges are written off either as they are incurred or equally over the duration of the agreement.

Lease Transactions

Various assets used by the Company and Group are the subject of lease agreements.

In accordance with the requirements of Statement of Standard Accounting Practice no 21 "Accounting for leases and Hire Purchase Contracts", such assets, and the future obligations under the lease concerned, are only embraced in the Group or Company Balance Sheet provided that the items subject of lease are material in relation to the company's financial position.

At the close of the year, the company had no material obligations under such leases.

Shares in Subsidiaries

Shares in Subsidiaries represent the shares issued or cash paid by the Parent Company to acquire the net assets of the Subsidiary Companies concerned, or the shares allotted to the Parent Company following incorporation of the Subsidiary.

2) DEBTORS

There are no debtors falling due after one year.

ROSSENDALE HOLDINGS LIMITEDNOTES TO THE MODIFIED ACCOUNTS (CONTINUED)3) INVESTMENT IN SUBSIDIARY COMPANIES

	<u>1989</u> £	<u>1988</u> £
Cost of acquisition of subsidiary companies:		
Micron Computer Systems Limited	2	2
Rossendale C B Limited	10,923	10,923
Rossendale Investigations Limited	3,316	3,316
Lawfoil Limited	<u>100</u>	<u>100</u>
	14,341	14,341
	=====	=====

The company holds the share capital of the following companies:

<u>Name of Company</u>	<u>Country of Incorporation</u>	<u>Holding</u>	<u>Proportion Held</u>	<u>Nature of Business</u>
Rossendale C B Limited	U.K.	Ordinary Shares	100%	Certificated Bailiffs
Ross-Co Collections Ltd	U.K.	Ordinary Shares	100%	Dormant Company
Rossendale Investigations Limited	U.K.	Ordinary Shares	100	Private Invest- igators
Rossendale Marketing Limited	U.K.	Ordinary Shares	100%	Dormant Company
Natural Therapies Centre Limited	U.K.	Ordinary Shares	100%	Dormant Company
Micron Computer Services Limited	U.K. U.K.	Ordinary Shares	100%	Computer Services
Lawfoil Limited	U.K.	Ordinary Shares	100%	China Retailers
Rossendale Fine Arts Limited	U.K.	Ordinary Shares	100%	Dormant Company
Rossendale Fine Arts (Mail Order) Limited	U.K.	Ordinary Shares	100%	Dormant Company

ROSSENDALE HOLDINGS LIMITED

NOTES TO THE MODIFIED ACCOUNTS (CONTINUED)

4) CREDITORS FALLING DUE AFTER MORE THAN ONE YEAR

	<u>1989</u>		<u>1988</u>	
	<u>The</u> <u>Group</u> £	<u>The</u> <u>Company</u> £	<u>The</u> <u>Group</u> £	<u>The</u> <u>Company</u> £
Hire Purchase Instalments	40,909	40,909	49,319	49,319
Less: Amounts due within one year included in creditors	<u>33,004</u> <u>7,905</u>	<u>33,004</u> <u>7,905</u>	<u>25,632</u> <u>23,687</u>	<u>25,632</u> <u>23,687</u>
	=====			

5) DEFERRED TAXATION

Full provision has been made in the accounts at current rates of Corporation Tax for the value of Capital Allowances claimed in advance of depreciation.

6) SHARE CAPITAL

	<u>1989</u> £	<u>1988</u> £
<u>Authorised</u> Ordinary Shares of £1 each	20,000 =====	20,000 =====
<u>Issued and Fully Paid</u> Ordinary Shares of £1 each	13,189 =====	13,189 =====

7) LEGAL ACTION

A legal action brought by the Group against Wang (U.K.) Limited has now been settled. All costs are to be borne by Rossendale Holdings Limited. Certain costs have been incurred to date, however, it is uncertain until the legal system has completed its computations what the Group's total liability will be.

From information available at the present time the directors anticipate that substantial costs will have to be paid once the amount is settled by the courts, although the company has already paid a large proportion of these anticipated costs.

8) LEASE TRANSACTIONS

The Company and Group have an obligation under an operating lease in respect of Office Equipment. As stated in Note 1 to the Accounts, the cost of such assets and future obligations under the lease are not embraced within the Company or Group Balance Sheet unless the items subject of lease are material in relation to the Company's or Group's financial position.

At the close of the Financial Year the Company's and Group's obligations under the lease were:

	<u>1989</u> £	<u>1988</u> £
Payable within 12 Months	2,950 =====	2,531 =====
Payable within 1 to 5 years	10,325 =====	10,334 =====

ROSSENDALE HOLDINGS LIMITED

NOTES TO THE MODIFIED ACCOUNTS (CONTINUED)

9) CAPITAL COMMITMENTS

At the end of the financial period the Group was committed under a five year lease in respect of computer equipment. The capital cost of this equipment totalled £60,000, although subsequent to the year end the cost of the equipment leased has been increased.

10) CONTINGENT LIABILITIES

The company has entered into a lease of office premises at Wesley House, 4 Bacup Road, Rawtenstall with Mr D Adams, a former director of the company.

11) PENSION CONTRIBUTIONS

The Group have retirement benefits pension plans which provide for retirement benefits for certain senior employees and directors. The cost of providing the benefits is charged against profit on an annual basis.