

SOR EUROPE LIMITED

31 DECEMBER 1996

ABBREVIATED FINANCIAL STATEMENTS

COMPANY REGISTRATION NUMBER - 1810051



SOR EUROPE LIMITED

AUDITORS' REPORT TO THE DIRECTORS OF SOR EUROPE LIMITED UNDER PARAGRAPH 24 OF SCHEDULE 8 TO THE COMPANIES ACT 1985

We have examined the abbreviated accounts on pages 3 to 6 together with the full financial statements of SOR Europe Limited for the period ended 31 December 1996. The scope of our work for the purpose of this report was limited to confirming that the company is entitled to the exemptions claimed in the director's statement on page 3 and that abbreviated accounts have been properly prepared from the full financial statements.

In our opinion the company is entitled to the exemptions as set out in the director's statement on page 3 and the abbreviated financial statements have been properly prepared in accordance with Part III of Schedule 8 to the Companies Act 1985.

On 25 February 1997 we reported as auditors of SOR Europe Limited to the shareholders on the full financial statements prepared under section 226 of the Companies Act 1985 for the period ended 31 December 1996 and our audit report was as follows:-

'We have audited the financial statements on pages 4 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Statement of Director's Responsibilities

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

- select suitable accounting policies and then apply them consistently;
- make judgements 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 director is 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. She is 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.

Statement of Auditors' Responsibilities

As described above, the company's directors are responsible for the preparation of the 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.

SOR EUROPE LIMITED

AUDITORS' REPORT (CONTINUED)

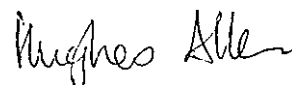
Basis of Opinion

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 judgements 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1996 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.'



HUGHES ALLEN
Chartered Accountants
Registered Auditors

Greenwood House
4/7 Salisbury Court
London EC4Y 8BT

25 February 1997

SOR EUROPE LIMITED

ABBREVIATED BALANCE SHEET AT 31 DECEMBER 1996

	Note	1996 £	1995 £
FIXED ASSETS			
Tangible assets	2	12,221	65,759
CURRENT ASSETS			
Stocks		39,926	167,192
Debtors		398,055	327,499
Cash at bank and in hand		368,407	399,722
		<u>806,388</u>	<u>894,413</u>
CREDITORS: Amounts falling due within one year		<u>(284,391)</u>	<u>(243,677)</u>
NET CURRENT ASSETS		521,997	650,736
		<u>£ 534,218</u>	<u>£ 716,496</u>
CAPITAL AND RESERVES			
Called up share capital	3	30,000	30,000
Profit and loss account		504,218	686,495
		<u>£ 534,218</u>	<u>£ 716,495</u>

The Directors have taken advantage of the exemptions conferred by Part III of Schedule 8 of the Companies Act 1985 and have done so on the grounds that, in their opinion, the company is entitled to those exemptions as a small company.

For and on behalf of the board,


P.F. Waters

Director

25 February 1997

The notes on pages 4 to 6 form an integral part of these financial statements.

SOR EUROPE LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1996

1. ACCOUNTING POLICIES

1.1 BASIS OF ACCOUNTING

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

1.2 DEPRECIATION

Depreciation is provided using the following rates and bases to reduce by annual instalments the cost of the tangible assets over their estimated useful lives:-

Improvements to	
leasehold properties	10% per annum straight line
Plant and machinery	10% per annum straight line
Furniture, fixtures	
and equipment	10%, 20%, 33% per annum straight line
Motor vehicles	20% and 33% per annum straight line

1.3 STOCK

Stock is valued at the lower of cost and estimated net realisable value.

1.4 DEFERRED TAXATION

Deferred taxation, computed under the liability method, is accounted for to the extent that it is probable that the net liability or asset arising will crystallise.

1.5 FOREIGN EXCHANGE

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the accounting date. Transactions in foreign currencies are recorded at the date of the transactions. All realised differences are taken to profit and loss account.

1.6 LEASING AND HIRE PURCHASE

Assets acquired under finance leases or hire purchase contracts are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Finance charges and interest are taken to the profit and loss account in constant proportion to the remaining balance of capital repayments or net obligations outstanding.

SOR EUROPE LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1996

2. TANGIBLE FIXED ASSETS

<u>Cost</u>	<u>Beginning of year £</u>	<u>Additions £</u>	<u>Disposals £</u>	<u>End of year £</u>
Improvements to leasehold property	15,325	-	(15,325)	-
Plant and machinery	109,764	-	(101,403)	8,361
Furniture, fixtures and equipment	68,711	-	(23,664)	45,047
Motor vehicles	45,724	-	(13,430)	32,294
	<u>239,524</u>	<u>£ -</u>	<u>£(153,822)</u>	<u>85,702</u>
 <u>Depreciation</u>	 <u>Beginning of year £</u>	 <u>Charge for year £</u>	 <u>On disposals £</u>	 <u>End of year £</u>
Improvements to leasehold property	4,597	1,150	(5,747)	-
Plant and machinery	87,504	4,022	(86,650)	4,876
Furniture, fixtures and equipment	41,180	7,516	(12,382)	36,314
Motor vehicles	40,484	5,236	(13,429)	32,291
	<u>173,765</u>	<u>£ 17,924</u>	<u>£(118,208)</u>	<u>73,481</u>
 <u>Total net book values</u>	 <u>£ 65,759</u>			 <u>£ 12,221</u>

3. SHARE CAPITAL

	<u>1996 £</u>	<u>1995 £</u>
<u>Authorised</u> 100,000 Ordinary shares of £1 each	<u>£ 100,000</u>	<u>£ 100,000</u>
 <u>Allotted, called up and fully paid</u> 30,000 Ordinary shares of £1 each	 <u>£ 30,000</u>	 <u>£ 30,000</u>

SOR EUROPE LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1996

4. **ULTIMATE PARENT COMPANY**

The company is a subsidiary of SOR Controls Group Limited, incorporated in the United States of America. SOR Controls Group Limited is the ultimate parent company.