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AUDITORS REPORT TO THE DIRECTORS OF  
HARPMANOR LIMITED IN ACCORDANCE WITH PARAGRAPH 10  
OF SCHEDULE 8 OF THE COMPANIES ACT 1985

In our opinion the directors are entitled under Sections 247-249 of the Companies Act 1985 to deliver modified accounts in respect of the year ended 31st March 1989 and the modified accounts on pages 2 and 3 have been properly prepared in accordance with Schedule 8 of that Act.

On 12th January 1990 we reported as auditors of Harpmanor Limited to the members on the company's financial statements prepared under Section 227 of the Companies Act 1985 for the year ended 31st March 1989 and our audit opinion was as follows:-

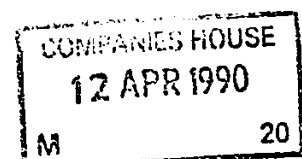
"We have audited the financial statements on pages 3 to 7. Our audit was conducted in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31st March 1989 and of its profit and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985".

Date: 12th January 1990

*Smith Partnership*

Chartered Accountants,  
Midland Bank Chambers,  
26 Cross Street,  
Manchester, M2 1ND.



**HARPMANOR LIMITED**

**MODIFIED BALANCE SHEET AS AT 31ST MARCH 1989**

		<u>1989</u>	<u>1988</u>
	Notes	£	£
<u>CURRENT ASSETS</u>			
Investment Properties - Deposit		14,725	-
Loan Debtors		1,840,600	252,139
Prepayments		10,000	-
Cash at Bank		-	29
Cash in Hand		2	2
		<u>1,865,327</u>	<u>252,170</u>
<u>CREDITORS:</u> Amounts falling due within twelve months	2	1,710,981	247,014
<u>NET CURRENT ASSETS</u>		<u>154,346</u>	<u>5,156</u>
		=====	=====
<u>CAPITAL AND RESERVES</u>			
Called Up Share Capital	3	2	2
Profit & Loss Account		154,344	5,154
		<u>154,346</u>	<u>5,156</u>
		=====	=====

We have relied on Sections 247-249 of the Companies Act 1985 as entitling us to deliver modified accounts on the ground that the company is entitled to the benefit of those sections as a small company.

*Rennally*  
.....  
*Russell* Directors

Date: 12th January 1990

HARPMANOR LIMITED

NOTES TO THE MODIFIED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 1989

1. ACCOUNTING POLICIES

a) Basis of Accounting

The accounts have been prepared under the historical cost convention.

b) Turnover

Turnover represents revenue derived from the principal activities of the company. Interest received on money lending operations is accounted for evenly over the relevant period of the loans.

2. Included in creditors is £1,464,036 (1988 - £234,900) borrowed interest free from Blemain Finance Limited, a company in which H.N. Moser has a material interest.

3. CALLED UP SHARE CAPITAL

	<u>1989</u>	<u>1988</u>
<u>Authorised</u>	£	£
Ordinary Shares of £1 Each	100	100
	===	===
<u>Allotted, Issued &amp; Fully Paid</u>		
Ordinary Shares of £1 Each	2	2
	=	=