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HARRISON SMITH (BATLEY) LIMITED
COMPANY NUMBER 2113028
REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 28 FEBRUARY 1995

(Abbreviated in accordance with the
provisions of the Companies Act 1985)

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REVELL WARD
Chartered Accountants
CLECKHEATON

REPORT OF THE AUDITORS FOR THE YEAR ENDED 28 FEBRUARY 1995

REPORT OF THE AUDITORS TO THE DIRECTORS OF

HARRISON SMITH (BATLEY) LIMITED

PURSUANT TO PARAGRAPH 24 OF SCHEDULE 8 TO THE COMPANIES ACT 1985

We have examined the abbreviated financial statements on pages 3 to 6 together with the full financial statements of the Company for the year ended 28 February 1995. The scope of our work for the purpose of this report was limited to confirming that the Company is entitled to deliver abbreviated financial statements and that the abbreviated financial statements have been properly prepared from the full financial statements.

In our opinion the Company is entitled under Section 246 to 247 of the Companies Act 1985 to deliver abbreviated financial statements in respect of the year ended 28 February 1995 and the abbreviated financial statements on pages 3 to 6 have been properly prepared in accordance with Schedule 8 to that Act.

On ~~20 October 1994~~ we reported as auditors of the Company to the members on the full financial statements prepared under section 226 of the Companies Act 1985 for the year ended 28 February 1995 and our report was as follows:

We have audited the financial statements on pages 5 to 12 which have been prepared under the historical cost convention and the accounting policies set out on pages 8 and 9.

Respective responsibilities of the Directors and Auditors

As described on pages 2 and 3 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.

REPORT OF THE AUDITORS FOR THE YEAR ENDED 28 FEBRUARY 1995 (CONT)

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 28 February 1995 and of its results for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Revell Ward

Chartered Accountants and
Registered Auditors
Cleckheaton

2 October 1995

HARRISON SMITH (BATLEY) LIMITED

3.

BALANCE SHEET AT 28 FEBRUARY 1995

| | <u>Notes</u> | <u>1995</u> | <u>1994</u> |
|--|--------------|-----------------|-----------------|
| | | £ | £ |
| FIXED ASSETS | 2 | 61,140 | 32,477 |
| CURRENT ASSETS | | | |
| Stocks | | 61,877 | 56,819 |
| Debtors | 3 | 443,109 | 257,570 |
| Cash at bank and in hand | | <u>379</u> | <u>405</u> |
| | | <u>505,365</u> | <u>314,794</u> |
| CREDITORS: | | | |
| Amounts falling due within one year | 4 | <u>493,390</u> | <u>295,160</u> |
| NET CURRENT ASSETS | | <u>11,975</u> | <u>19,634</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 73,115 | 52,111 |
| CREDITORS: | | | |
| Amounts falling due after one year | 4 | <u>11,220</u> | <u>9,643</u> |
| NET ASSETS | | <u>£ 61,895</u> | <u>£ 42,468</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 6 | 4,287 | 4,287 |
| Profit and loss account | | <u>57,608</u> | <u>38,181</u> |
| SHAREHOLDERS' FUNDS | | <u>£ 61,895</u> | <u>£ 42,468</u> |
| <p>We have relied on the exemptions for individual accounts available under the Companies Act 1985 and have done so on the basis that the Company is entitled to the benefit of those exemptions as a small company.</p> | | | |
| <p>Approved by the Board on <u>28.9.95</u></p> | | | |
| <p>Directors <u>B. Harrison</u></p> | | | |
| <p><u>R. Smith</u></p> | | | |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 1995**1. ACCOUNTING POLICIES****a) ACCOUNTING CONVENTION**

The financial statements are prepared under the historical cost convention.

b) TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at cost less depreciation.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset systematically over its expected useful life, as follows:

Straight line method:

| | |
|--------------------------|-----|
| Plant and site equipment | 25% |
| Improvements to property | 20% |
| Office equipment | 25% |
| Motor vehicles | 25% |

c) LEASED ASSETS AND ASSETS HELD UNDER HIRE PURCHASE AGREEMENTS

The fair value of an asset acquired under a finance lease or hire purchase agreement, is included in tangible fixed assets and depreciation is provided in accordance with the Company's accounting policy for the class of asset concerned.

The interest cost is charged over the term of the agreement using a constant periodic rate of charge or method approximating thereto.

Rentals paid on an operating lease are charged to the profit and loss account on a straight line basis over the term of the lease agreement.

d) STOCKS

Stocks are stated at the lower of cost and net realisable value as follows:

| | |
|-------------------------------------|--|
| Raw materials | - Purchase cost on a first-in first-out basis |
| Work in progress and finished goods | - Cost of direct materials and labour plus attributable overheads based on normal levels of activity |
| Long term contracts | - The attributable profit taken in the accounts reflects the proportion of work carried out at the balance sheet date, after allowing for any known inequalities of profitability in the various stages of contracts |

Net realisable value is based on estimated selling price less further costs expected to be incurred to completion.

e) DEFERRED TAXATION

Deferred Taxation is provided to take account of timing differences arising between the treatment of certain items for accounts purposes and their treatment for taxation purposes.

Provision is made at the rate of Corporation Tax anticipated to be in force in the year in which the timing difference is expected to reverse. No provision is made where, in the opinion of the Directors, it is expected that no such liability to taxation will crystallise in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 1995 (CONT)**1. ACCOUNTING POLICIES (CONT.)****f) PENSION COSTS**

The Company operates a defined contribution pension scheme. The charge against profits is the amount of contributions payable to the pension scheme in respect of the accounting period.

Tangible
Assets
£

2. STATEMENT OF FIXED ASSETS**COST**

| | |
|-------------------|-----------------|
| Brought forward | 127,054 |
| Additions in year | 74,131 |
| Disposals in year | <u>(62,286)</u> |
| Carried forward | <u>138,899</u> |

DEPRECIATION

| | |
|----------------------|-----------------|
| Brought forward | 94,577 |
| Depreciation in year | 27,514 |
| Disposals in year | <u>(44,332)</u> |
| Carried forward | <u>77,759</u> |

NET BOOK VALUE

| | |
|------------------|-----------------|
| 28 February 1995 | £ <u>61,140</u> |
|------------------|-----------------|

3. DEBTORS

All debtors are due within one year.

4. CREDITORS

All creditors are payable within five years.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 1995 (CONT)

| | <u>1995</u> | <u>1994</u> |
|-------------------------------|-----------------|-----------------|
| | £ | £ |
| 5. SECURED LIABILITIES | | |
| Due within five years | £ <u>46,949</u> | £ <u>69,751</u> |

The bank overdraft is secured by an unscheduled mortgage debenture dated 24.10.91 over all the assets of the Company. The Company has taken out key man insurance in respect of the Directors and the following policies are held by the bank as security:-

- i) Legal mortgage dated 28.2.91 over Scottish Widows policy number 5108460 joint lives M A Smith and B Harrison £35,000 level term
- ii) Legal mortgage dated 6.1.93 over General Accident policy number 2510429LY £30,000 level term life of M A Smith
- iii) Legal mortgage dated 8.2.93 over Commercial Union policy number A11326014C £30,000 level term life of B Harrison

There is an automatic right of set off incorporated in the Bank's legal forms of charge between the various bank accounts held by the Company.

6. CALLED UP SHARE CAPITAL

AUTHORISED:

| | | |
|------------------------------------|------------------|------------------|
| 100,000 Ordinary shares of £1 each | £ <u>100,000</u> | £ <u>100,000</u> |
|------------------------------------|------------------|------------------|

ALLOTTED, CALLED UP AND FULLY PAID:

| | | |
|----------------------------------|----------------|----------------|
| 4,287 Ordinary shares of £1 each | £ <u>4,287</u> | £ <u>4,287</u> |
|----------------------------------|----------------|----------------|