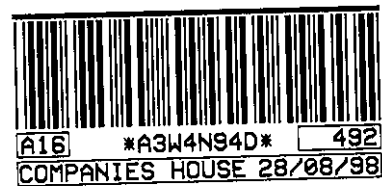


OPAS (SOUTHERN) LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31ST DECEMBER 1997



R.O.C.

OPAS (SOUTHERN) LIMITED

COMPANY INFORMATION

Company Number : 1838862

Directors : D.M.S.RAMUS
J.S.RAMUS

Secretary : L.J.RAMUS

Registered Office : 14-16 STATION ROAD WEST
OXTED, SURREY RH8 9EP

Auditors : MCKENZIE & COMPANY
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
14-16 STATION ROAD WEST
OXTED, SURREY RH8 9EP

REPORT OF THE DIRECTORS

The Directors present their report and the financial statements for the year ended 31st December 1997.

Principal Activities

The principal activity of the Company during the year was that of hardware merchants.

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 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 apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- follow applicable accounting standards, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts 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 him to ensure that the accounts 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.

REPORT OF THE DIRECTORS (continued)

Directors

The names of the present Directors are as stated on page 1. On 12th June 1997, John Stuart Ramus was appointed as a director.

The Directors retiring by rotation, being eligible, offer themselves for re-election at the forthcoming Annual General Meeting.

Directors' Interests in Shares

The Directors of the Company who held office at 31st December 1997 had the following interests in the shares of the Company:-

	1997	1996
David Michael Stuart Ramus	51	51
John Stuart Ramus	1	1

In preparing the above report the Director has taken advantage of special exemptions applicable to small companies.

BY ORDER OF THE BOARD

L J Ramus

L.J. Ramus

Secretary

4th August 1998

REPORT OF THE AUDITORS TO THE SHAREHOLDERS

We have audited the financial statements on pages 6 to 13 which have been prepared under the historical cost convention and the accounting policies as set out on pages 8 and 9.

Respective Responsibilities of Directors and Auditors

As described on page 2, 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 accounts. It also includes an assessment of the significant estimates and judgements by the director 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 accounts 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 TO THE SHAREHOLDERS (continued)

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs at 31st December 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985 applicable to small companies.


MCKENZIE & COMPANY
Registered Auditors
Chartered Accountants

14-16 Station Road West
Oxted, Surrey RH8 9EP

4th August 1998 .

OPAS (SOUTHERN) LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 1997

	<u>Note</u>	<u>1997</u>	<u>1996</u>
TURNOVER	1	619,630	623,025
Cost of Sales		(463,114)	(471,352)
GROSS PROFIT		156,516	151,673
Administrative Expenses		(120,045)	(105,018)
OPERATING PROFIT on continuing activities		36,471	46,655
Interest Payable and Similar Charges		(4,050)	(4,420)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION 2		32,421	42,235
Tax on Profit on Ordinary Activities		(6,910)	(10,188)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		25,511	32,047
Dividends		(25,000)	(30,000)
RETAINED PROFIT for year		511	2,047
Retained Profits brought forward		68,619	66,572
RETAINED PROFITS CARRIED FORWARD		<u>£ 69,130</u>	<u>£ 68,619</u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

The profits and losses for the financial years as stated above were the only recognised gains and losses relating to those years.

OPAS (SOUTHERN) LIMITED

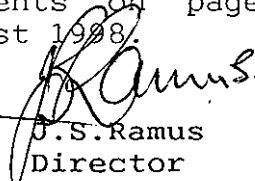
BALANCE SHEET AT 31ST DECEMBER 1997

	<u>Note</u>	<u>1997</u>	<u>1996</u>
FIXED ASSETS			
Tangible Assets	3	20,255	18,082
CURRENT ASSETS			
Stocks	4	65,890	59,900
Debtors	5	93,468	108,787
Cash at Bank and in Hand		14,177	45,211
		<u>173,535</u>	<u>213,898</u>
CREDITORS: Amounts falling due within one year	6	<u>(103,870)</u>	<u>(140,324)</u>
NET CURRENT ASSETS		<u>69,665</u>	<u>73,574</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		89,920	91,656
CREDITORS: Amounts falling due after one year	7	(20,690)	(22,937)
		<u>£ 69,230</u>	<u>£ 68,719</u>
CAPITAL AND RESERVES			
Called-up Share Capital	8	100	100
Profit and Loss Account		69,130	68,619
		<u>£ 69,230</u>	<u>£ 68,719</u>

In preparation of the company's annual accounts, the director has taken advantage of the special exemptions conferred by Part I of Schedule 8 of the Companies Act 1985, and has done so on the grounds that, in his opinion, the company is entitled to the benefit of those exemptions as a small company.

The financial statements on pages 6 to 13 were approved by the Directors on 4th August 1998.


D.M.S. Ramus
Director


D.S. Ramus
Director

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 1997

1. ACCOUNTING POLICIES

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements.

Basis of Accounting

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

Turnover

Turnover represents the total amount receivable by the Company for goods sold and services rendered during the year stated net of value added tax.

Tangible Fixed Assets

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation has been provided on the cost or written down value of the assets, in order to write them off over their expected useful lives, at the following rates :-

Leasehold Improvements	2% on cost
Fixtures and Fittings	15% on written down value
Motor Vehicles	25% on written down value

Tangible assets held under finance leases, which give rights equivalent to ownership, have been capitalised and depreciated in accordance with the Company's depreciation policy.

Leased Assets

Finance lease payments, and equivalent hire purchase payments, comprise interest and capital elements. Interest has been charged to profit and loss account and the capital element of future payments is included in creditors.

Rental payments under operating leases have been charged to the profit and loss account as incurred.

OPAS (SOUTHERN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 1997

ACCOUNTING POLICIES (continued)

Stocks

Stock has been valued by the director at the lower of cost and net realisable value.

Pension Contributions

The Company operates a defined contribution pension scheme. Contributions payable for the year have been charged to the profit and loss account.

Cash Flow Statement

The Company has adopted the policy laid down in FRS 1 on Cash Flow Statements. However the Company is entitled to exemption from producing such a statement, since it qualifies as a small company under the criteria stated in the Companies Act 1985.

	<u>1997</u>	<u>1996</u>
	£	£
2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		
Profit on ordinary activities before taxation is stated after charging :-		
Depreciation:		
on owned assets	2,463	424
on assets held under hire purchase contracts	—	1,828
Auditors Remuneration	1,850	1,750
Hire of Equipment under Operating Leases	708	442
Directors Emoluments	27,342	26,216
Directors Pensions	<u>3,827</u>	<u>3,645</u>

OPAS (SOUTHERN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 1997

3. TANGIBLE FIXED ASSETS

	Leasehold Improve- ments	Fixtures and Fittings	Motor Vehicles	Total
	£	£	£	£
<u>Cost</u>				
At 1st January 1997	11,757	2,430	11,995	26,182
Additions	—	4,635	—	4,635
Disposals	—	—	—	—
	<u>11,757</u>	<u>7,065</u>	<u>11,995</u>	<u>30,817</u>
At 31st December 1997	<u>11,757</u>	<u>7,065</u>	<u>11,995</u>	<u>30,817</u>
<u>Depreciation</u>				
At 1st January 1997	235	1,351	6,513	8,099
Charge for year	235	858	1,370	2,463
On disposals	—	—	—	—
	<u>470</u>	<u>2,209</u>	<u>7,883</u>	<u>10,562</u>
At 31st December 1997	<u>470</u>	<u>2,209</u>	<u>7,883</u>	<u>10,562</u>
<u>Net Book Values</u>				
At 31st December 1997	<u>11,287</u>	<u>4,856</u>	<u>4,112</u>	<u>20,255</u>
At 31st December 1996	<u>11,522</u>	<u>1,079</u>	<u>5,481</u>	<u>18,082</u>

OPAS (SOUTHERN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 1997

	<u>1997</u>	<u>1996</u>
	£	£
<u>4. STOCKS</u>		
Goods for Resale	65,890	59,900
	<u>65,890</u>	<u>59,900</u>
<u>5. DEBTORS</u>		
Amounts falling due within one year:-		
Trade Debtors	93,182	107,412
Prepayments	286	1,375
	<u>93,468</u>	<u>108,787</u>
<u>6. CREDITORS</u>		
Amounts falling due within one year:-		
Bank Loans and Overdraft	3,547	3,356
Trade Creditors	19,305	71,256
Obligations under Finance		
Leases	-	1,111
Other Creditors	64,819	42,846
Tax and Social Security	7,164	7,197
Accruals	2,125	4,375
Advance Corporation Tax	6,250	-
Corporation Tax	660	10,183
	<u>103,870</u>	<u>140,324</u>

OPAS (SOUTHERN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 1997

	<u>1997</u>	<u>1996</u>
	£	£
 7. CREDITORS		
 Amounts falling due after one year:-		
Bank Loan - repayable after 5 years	20,690	22,937
	<u>20,690</u>	<u>22,937</u>
 LOANS		
 Repayable after 5 years: Bank loan repayable by instalments	24,237	26,293
	<u>24,237</u>	<u>26,293</u>
Repayable by instalments:		
1 - 2 years	3,547	3,357
2 - 5 years	10,641	10,070
after 5 years	6,502	9,510
	<u>20,690</u>	<u>22,937</u>
Included in current liabilities	3,547	3,356
	<u>24,237</u>	<u>26,293</u>
 8. CALLED UP SHARE CAPITAL		
 Authorised:		
100 Ordinary Shares of £1 each	100	100
	<u>100</u>	<u>100</u>
Allotted, Called Up and Fully Paid:		
100 Ordinary Shares of £1 each	100	100
	<u>100</u>	<u>100</u>

OPAS (SOUTHERN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 1997

	<u>1997</u>	<u>1996</u>
	£	£

9. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Profit on ordinary activities after taxation	25,511	32,047
Dividends	<u>(25,000)</u>	<u>(30,000)</u>
Decrease in Shareholder' Funds	511	2,047
Opening Shareholders' Funds	<u>68,719</u>	<u>66,672</u>
Closing Shareholders' Funds	<u><u>69,230</u></u>	<u><u>68,719</u></u>

10. RELATED PARTY DISCLOSURE

During the year, the Company paid rent of £19,596 (1996: £18,000) to J.S.Ramus, a director of the company.