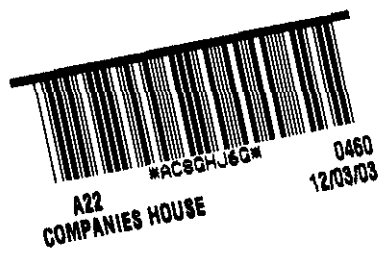


Abbreviated Financial Statements
for the Year Ended 31 December 2001
for
Pearson Harper Ltd



Pearson Harper Ltd

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for the Year Ended 31 December 2001

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Pearson Harper Ltd
Company Information
for the Year Ended 31 December 2001

DIRECTORS:

Mr S J Pearson
Mr D Harper
Ms A Hayward
Mr P Davison

SECRETARY:

Ms A Hayward

REGISTERED OFFICE:

14 Colemans Nook
Belasis Hall Technology Park
Billingham
TS23 4EG

REGISTERED NUMBER:

2694092 (England and Wales)

AUDITORS:

Benson Wood & Co.
Chartered Accountants
10 Yarm Road
Stockton-on-Tees
TS18 3NA

Pearson Harper Ltd

Report of the Independent Auditors to
Pearson Harper Ltd
Under Section 247B of the Companies Act 1985

We have examined the abbreviated financial statements on pages four to six, together with the full financial statements of the company for the year ended 31 December 2001 prepared under Section 226 of the Companies Act 1985.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated financial statements in accordance with Section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated financial statements prepared in accordance with Sections 246(5) and (6) of the Act to the Registrar of Companies and whether the financial statements to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

Basis of audit opinion

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated financial statements and that the abbreviated financial statements to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the full financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated financial statements prepared in accordance with Sections 246(5) and (6) of the Companies Act 1985, and the abbreviated financial statements on pages four to six are properly prepared in accordance with those provisions.

Other information

On 21/05/2002, we reported, as auditors to the shareholders of the company on the financial statements for the year ended 31 December 2001 prepared under Section 226 of the Companies Act 1985, and our report was as follows:

"We have audited the financial statements of Pearson Harper Ltd for the year ended 31 December 2001 on pages four to six. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000), under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described on page two the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Report of the Directors is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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.

Pearson Harper Ltd

Report of the Independent Auditors to
Pearson Harper Ltd
Under Section 247B of the Companies Act 1985

Opinion

In forming our opinion, we have considered the adequacy of the disclosures made in note 1 of the financial statements concerning the uncertainty as to the continuation and renewal of the Company's banking facility and the generation of sales and profitability. In view of the significance of this uncertainty, we consider that it should be drawn to your attention. The validity of the going concern basis adopted depends upon the future support of the Company's bankers together with the generation of significant sales orders. The directors are confident that both issues will have a positive outcome and at the date of this audit report we can report that several negotiations are taking place with a view to securing sales orders.

Our opinion is therefore not qualified in this respect.

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 31 December 2001 and of its losses for the year then ended and have been properly prepared in accordance with the Companies Act 1985."

Benson Wood & Co.

Benson Wood & Co.
Chartered Accountants
10 Yarm Road
Stockton-on-Tees
TS18 3NA

Dated: 29/10/02

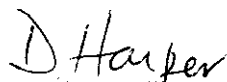
Pearson Harper Ltd

Abbreviated Balance Sheet
31 December 2001

		2001		2000	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	2		131,668		169,781
CURRENT ASSETS:					
Stock of consumables		1,000		1,000	
Debtors		232,911		203,046	
Cash at bank and in hand		292,759		727,391	
		<u>526,670</u>		<u>931,437</u>	
CREDITORS: Amounts falling due within one year		<u>61,606</u>		<u>360,468</u>	
NET CURRENT ASSETS:			<u>465,064</u>		<u>570,969</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			<u>£596,732</u>		<u>£740,750</u>
CAPITAL AND RESERVES:					
Called up share capital	3		100		100
Profit and loss account			<u>596,632</u>		<u>740,650</u>
SHAREHOLDERS' FUNDS:			<u>£596,732</u>		<u>£740,750</u>

These abbreviated financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

ON BEHALF OF THE BOARD:



Mr D Harper - DIRECTOR



Mr S J Pearson - DIRECTOR

Approved by the Board on 2 - MAY - 2002

The notes form part of these financial statements

Pearson Harper Ltd

Notes to the Abbreviated Financial Statements
for the Year Ended 31 December 2001

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000).

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Fixtures and fittings	- 33% on cost and 15% on reducing balance
Motor vehicles	- 25% on reducing balance and cost

Stocks

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

Deferred taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

Pensions

The company operates a defined staff contribution pension scheme. Contributions payable for the year are charged in the profit and loss account. The directors operate an executive pension scheme and contributions payable are charged through the profit and loss account.

Going Concern

The nature of the company's business is such that there can be considerable unpredictable variation in the timing of cash inflows. Also the postponement of a large sales contract has created a difficult situation in 2001. On the basis of cash flow information and sales and profitability forecasts, the directors consider that the Company will continue to operate within the banking facility currently agreed until late 2002 when it will need to negotiate an uplift to the current facility. The directors believe that the bank would grant that uplift. On this basis, the directors consider it appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from a withdrawal of the overdraft facility by the Company's bankers. The directors are also confident that significant sales orders will be generated through 2002 and that the Company will return to profitability.

Pearson Harper Ltd

Notes to the Abbreviated Financial Statements
for the Year Ended 31 December 2001

2. TANGIBLE FIXED ASSETS

	<u>Total</u>
	£
COST:	
At 1 January 2001	473,729
Additions	21,029
Disposals	<u>(188,661)</u>
At 31 December 2001	<u>306,097</u>
DEPRECIATION:	
At 1 January 2001	303,948
Charge for year	59,142
Eliminated on disposals	<u>(188,661)</u>
At 31 December 2001	<u>174,429</u>
NET BOOK VALUE:	
At 31 December 2001	<u>131,668</u>
At 31 December 2000	<u>169,781</u>

3. CALLED UP SHARE CAPITAL

Authorised:				
Number:	Class:	Nominal value:	2001	2000
			£	£
1,000	Ordinary Shares	£1	<u>1,000</u>	<u>1,000</u>
Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2001	2000
			£	£
100	Ordinary Shares	£1	<u>100</u>	<u>100</u>

4. TRANSACTIONS WITH DIRECTORS

Included in legal and professional are monies totalling £2875 for consultancy services payable to Peter Davison who is a Director of the company.

5. BANK OVERDRAFT FACILITY

The Company has an overdraft facility which is secured by a debenture giving a fixed and floating charge over the assets of the company including a fixed charge over book debits.

6. DEFERRED GOVERNMENT GRANTS

During the year to 31 December 2000 the Company received £21000 RSA Grant. The policy has been to write back to the Profit and Loss Account over a three year period