

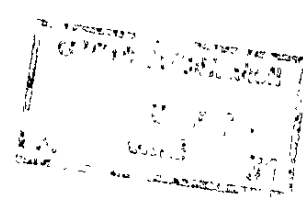
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SECOND NATURE LIMITED

MODIFIED ACCOUNTS

30 November 1986





In our opinion the attached modified accounts for the year ended 30 November 1986 comply with Schedule 8 to the Companies Act 1985 and the directors are entitled to deliver modified accounts under Sections 247 to 249 of that Act as a small company. We are not required to express an opinion on the truth and fairness of these modified accounts.

We reported, as auditors of Second Nature Limited, to the members on 19 March 1987 on the company's financial statements prepared under Section 227 of the Companies Act 1985 for the year ended 30 November 1986, and our audit opinion was as follows:

We have audited the financial statements set out on pages 4 to 12 in accordance with approved Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 November 1986 and of its profit and source and application of funds for the year then ended and comply with the Companies Act 1985.

Price Wollkorn

Chartered Accountants

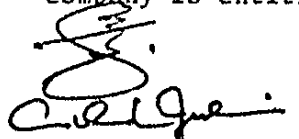
19 March 1987

SECOND NATURE LIMITED

BALANCE SHEET - 30 NOVEMBER 1986

	Note	1986	1985
FIXED ASSETS			
Intangible fixed assets		10,740	10,000
Tangible fixed assets		<u>117,301</u>	<u>134,437</u>
		128,041	144,437
CURRENT ASSETS			
Stocks		438,452	387,205
Debtors		651,818	588,083
Cash at bank and in hand		<u>15,214</u>	<u>178</u>
		1,105,484	975,466
CREDITORS (amounts falling due within one year)	2	<u>(891,655)</u>	<u>(1,038,751)</u>
NET CURRENT ASSETS (1985:LIABILITIES)		<u>213,829</u>	<u>(63,285)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		341,870	81,152
CREDITORS (amounts falling due after more than one year)	2	(55,776)	(83,450)
DEFERRED TAX		<u>(19,000)</u>	<u>-</u>
		£267,094	£(2,298)
DIRECTORS' LOANS			
		-	25,234
CAPITAL AND RESERVES			
Called up share capital	3	13,333	10,000
Share premium	3	246,642	-
Profit and loss account		<u>7,119</u>	<u>(37,532)</u>
		<u>£267,094</u>	<u>£(2,298)</u>

The directors have relied on Sections 247 to 249 of the Companies Act 1985 as entitling them to deliver modified accounts on the ground that the company is entitled to the benefit of these sections as a small company.

) DIRECTORS
Approved on 19 March 1987

SECOND NATURE LIMITED

NOTES TO THE MODIFIED ACCOUNTS - 30 NOVEMBER 1986

i ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention. The principal accounting policies which the directors have adopted within that convention are set out below:

(1) Turnover

Turnover represents amounts derived from goods sold by the company, exclusive of VAT.

(2) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is calculated on a straight line basis at rates estimated to write off the cost of assets over their anticipated useful lives, which are as follows:

Motor vehicles	4	years
Plant and equipment	4 - 5	years
Fixtures and fittings	4	years
Leasehold improvements	10	years

(3) Stocks

Stocks, including work-in-progress, are stated at the lower of cost and net realisable value.

(4) Foreign currency

Transactions in a foreign currency are recorded at the rate ruling at the time of the transaction.

Foreign currency assets and liabilities are translated into sterling at the rates of exchange ruling at the balance sheet date.

(5) Deferred taxation

Provision is made at anticipated tax rates for deferred taxation arising from timing differences between profits computed for tax purposes and profits stated in the financial statements to the extent that the directors consider that the taxation may become payable in the foreseeable future.

(6) Research and development expenditure

To the extent that development costs are identifiable with specific products, whose ultimate commercial viability is reasonably certain, such costs are capitalised and amortized over the estimated life of the products.

SECOND NATURE LIMITED

NOTES TO THE MODIFIED ACCOUNTS - 30 NOVEMBER 1986 (continued)

2 CREDITORS

An amount of £370,812 (1985: £274,556) is secured by a floating charge on the company's assets.

3 SHARE CAPITAL

	Authorised		Allotted and fully paid	
	<u>1986</u>	<u>1985</u>	<u>1986</u>	<u>1985</u>
'A' Ordinary voting £1 Ordinary	20,000	10,000	13,333	10,000
'B' Ordinary non voting £1 Ordinary	<u>300</u>	<u>300</u>	<u>-</u>	<u>-</u>
	£20,300	£10,300	£13,333	£10,000

During the year the company's authorised share capital was increased from £10,300 to £20,300 and 3,333 £1 A ordinary voting shares were issued for £249,975, paid in cash, in order to provide additional working capital.