

HARRISON OPERATIONS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2002

Registered Company No. 2203970



Whitmill Prescott & Co.
Chartered Accountants
PO Box 34
Bishop's Stortford
Herts.
CM23 5SW

HARRISON OPERATIONS LIMITED

Incorporated on 7 December 1987 under the Companies Acts 1985

DIRECTORS

Terence B. Harrison

SECRETARY

Helen Turner

REGISTERED OFFICE

209 Birchanger Lane, Birchanger,
Bishop's Stortford, Herts. CM23 5SW

NOTICE OF MEETING

NOTICE is hereby given that the Fourteenth Annual General Meeting of the Company will be held at _____ on _____
at _____ for the following purposes:

1. To receive the Director's Report and the Financial Statements for the year ended 30 June 2002.
2. To re-appoint the Auditors and fix their remuneration.
3. To transact any other business of an Ordinary General Meeting.

By Order of the Board

.....

Secretary

23 January 2003

209 Birchanger Lane
Birchanger
Bishop's Stortford
Herts.
CM23 5SW

A member entitled to attend and vote is entitled to appoint a proxy (one or more) to attend and, on a poll, vote instead of him. A proxy need not be a member.

HARRISON OPERATIONS LIMITED

DIRECTOR'S REPORT

The Director submits herewith his Report and the Financial Statement for the year ended 30 June 2002.

RESULTS FOR THE YEAR

	£
(Loss) for the Year	(12,661)
Corporation Tax	-
Retained (Loss)	<u>£(12,661)</u>

DIVIDENDS

The Director recommends that no dividend be declared in respect of the year ended 30 June 2002.

TRADING ACTIVITIES

The principal activity is that of Agents to Classical Musicians. The Company also trades in the buying and selling of Antique Furniture.

DIRECTOR

The Director who served during the year and his beneficial holdings in the Share Capital of the Company were as follows:

1 July 2001 and 30 June 2002
£1 Ordinary Shares

T.B. Harrison, Esq.	199,999
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TAXATION

The Company is considered a "Close Company" for taxation purposes.

FIXED ASSETS

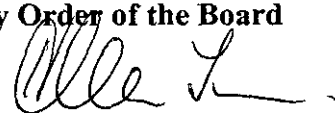
Details of changes in the Fixed Assets are shown in Note VI forming part of the Financial Statements.

AUDITORS

The Auditors of the Company, Messrs. Whitmill Prescott & Co., Chartered Accountants, have indicated their willingness to continue in office, subject to the approval of the Members in General Meeting.

23 January 2003

By Order of the Board


.....
Secretary

HARRISON OPERATIONS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2002

	<u>Note</u>	<u>Year Ended</u> <u>30 June 2002</u> <u>£</u>	<u>Year Ended</u> <u>30 June 2001</u> <u>£</u>
Turnover		203,355	233,791
Cost of Sales		(40,770)	(49,987)
Gross Profit		162,585	183,804
Administrative Expenses		(156,512)	(150,723)
Operating Profit		6,073	33,081
Interest Received		-	4
Interest Payable		(18,734)	(17,865)
		<hr/>	<hr/>
(Loss)/Profit on Ordinary Activities before Taxation		(12,661)	15,220
Taxation	V	-	(1)
		<hr/>	<hr/>
Retained (Loss)/Profit for the Year		<u>£(12,661)</u>	<u>£15,219</u>

All the operations in the above two fiscal years were continuing operations and there were no acquisitions in either period.

There were no recognised gains or losses for the years ended 30 June 2001 and 30 June 2002 other than those included in the Profit and Loss Account.

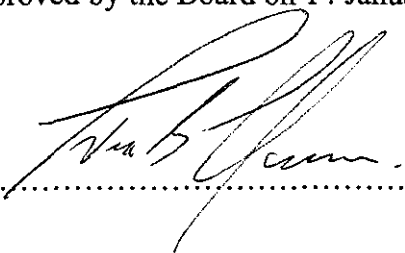
The notes on pages 5 to 13 form part of the Financial Statements

HARRISON OPERATIONS LIMITED

BALANCE SHEET AT 30 JUNE 2002

	Notes	Year Ended 30 June 2002		Year Ended 30 June 2001	
		£	£	£	£
FIXED ASSETS – Tangible Assets	VI		20,266		24,915
Less: Bank Loan	IX	(15,189)		(25,389)	
Pension Fund Loanback	X	-		(25,000)	
Due on Hire Purchase Contract	XI	(3,179)		(6,994)	
			(18,368)		(57,383)
			1,898		(32,468)
 NET CURRENT (LIABILITIES)					
Current Liabilities					
Monies due to Artists		37,564		37,102	
Sundry Creditors	VIII	226,246		138,327	
Bank Overdraft		58,946		86,698	
Corporation Tax due	I	23,875		23,875	
		<u>346,631</u>		<u>286,002</u>	
Less: Current Assets:					
Monies due from Artists		2,736		6,080	
Sundry Debtors & Prepayments	VII	10,391		6,791	
Cash in Hand		390		374	
Stock of Antiques	I	121,512		108,182	
		<u>135,029</u>		<u>121,427</u>	
			(211,602)		(164,575)
			<u>£(209,704)</u>		<u>£(197,043)</u>
	Represented by:				
 SHARE CAPITAL	XIII		200,000		200,000
 CAPITAL RESERVE	XIV		103,393		103,393
 RETAINED (LOSSES)	XIV		(513,097)		(500,436)
			<u>£(209,704)</u>		<u>£(197,043)</u>

Approved by the Board on 14 January 2003

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Terence B. Harrison – Director

The notes on pages 5 to 13 form part of the Financial Statements

HARRISON OPERATIONS LIMITED

NOTES TO FINANCIAL STATEMENTS – 30 JUNE 2002

I ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The Financial Statements have been prepared under the Historical Cost Accounting System and in accordance with applicable accounting standards.

TURNOVER

Turnover represents the invoiced value of Goods and Services to customers, excluding Value Added Tax.

COST OF SALES

Cost of sales is stated as all those costs directly incurred by the Company in order to bring each product sold to its saleable condition and to provide the services to customers.

FIXED ASSETS

Depreciation is calculated to write off the book value on both straight line and diminishing balance basis Over the expected useful lives of all tangible fixed assets.

The rate used is:

Furniture, Fixtures and Office Equipment:	25% on Written Down Value
Motor Car :	25% on Written Down Value
Leasehold Premises :	10% straight line

STOCK OF ANTIQUES

Stock has been valued at the lower of cost or net realisable value. Professional valuations have been obtained at 30 June 2002.

HIRE PURCHASE CONTRACTS

Assets acquired under Hire Purchase Contracts are capitalised and the resultant liability shown under Other Creditors, to the extent of the instalments payable in the next twelve months. The remainder of the liability is shown separately under Due on Hire Purchase Contracts.

HARRISON OPERATIONS LIMITED

NOTES TO FINANCIAL STATEMENTS – 30 JUNE 2002

(Continued)

DEFERRED TAXATION

Deferred Taxation is provided at current taxation rates under the liability method to take account of all timing differences between profits as stated in the Financial Statements as computed for tax purposes.

Analysis of potential liability: Nil (2001 Nil).

II RESULT ON ORDINARY ACTIVITIES BEFORE TAXATION

	Year Ended 30 June 2002 £	Year Ended 30 June 2001 £
Result on Ordinary Activities before Taxation is stated after charging:		
Interest payable on loans repayable after 5 years	-	-
Interest payable on loans repayable within five years	18,734	17,865
Depreciation	6,950	8,304
Auditors' Remuneration	3,860	3,740
Directors' Emoluments including pension contributions)	19,200	27,753
	=====	=====

III EMPLOYEES

- a) The average number of persons, including the Director, employed by the Company during the year was 4 (2001 4).
- b) Staff costs, including the Director's remuneration and pension contributions paid by the Company: £94,375 (2001 £89,114).

HARRISON OPERATIONS LIMITED

NOTES TO FINANCIAL STATEMENTS – 30 JUNE 2002

(Continued)

IV DIRECTOR'S REMUNERATION

	<u>2001/02</u>	<u>2000/01</u>
	<u>£</u>	<u>£</u>
Emoluments for services as a Director:		
Chairman and Highest Paid Director	£19,200	£25,500
	=====	=====
Pension Contributions	£ -	£ 2,253
	=====	=====

V TAXATION

	<u>2001/02</u>	<u>2000/01</u>
	<u>£</u>	<u>£</u>
United Kingdom Corporation Tax based on the result for the year at 0% (2000/01 10%)	-	1
Prior Year under-provision	-	-
	—	—
	£ -	£ 1
	=====	=====

HARRISON OPERATIONS LIMITED

NOTES TO FINANCIAL STATEMENTS – 30 JUNE 2002

(Continued)

VI FIXED ASSETS – Tangible Assets

	<u>Leasehold Property</u> £	<u>Furniture, Fixtures and Office Equipment</u> £	<u>Motor Cars</u> £	<u>Total</u> £
<u>COST</u>				
At 1 July 2001	5,840	51,623	30,994	88,457
Additions	-	2,301	-	2,301
At 30 June 2002	<u>5,840</u>	<u>53,924</u>	<u>30,994</u>	<u>90,758</u>
<u>DEPRECIATION</u>				
At 1 July 2001	4,088	40,556	18,898	63,542
Provided during year	584	3,342	3,024	6,950
At 30 June 2002	<u>4,672</u>	<u>43,898</u>	<u>21,922</u>	<u>70,492</u>
<u>NET BOOK VALUE</u>				
At 1 July 2001	£1,752	£11,067	£12,096	£24,915
At 30 June 2002	<u>£1,168</u>	<u>£10,026</u>	<u>£9,072</u>	<u>£20,266</u>

VII DEBTORS – Due within 1 year

	<u>2002</u> £	<u>2001</u> £
Trade Debtors	8,041	6,791
Prepayments	2,350	-
	<u>£10,391</u>	<u>£6,791</u>

HARRISON OPERATIONS LIMITED

NOTES TO FINANCIAL STATEMENTS – 30 JUNE 2002

(Continued)

VIII TRADE CREDITORS – Due within 1 year

	<u>2002</u>	<u>2001</u>
	<u>£</u>	<u>£</u>
Social Security and Other Taxes	-	-
Other	150,799	105,893
Accruals	410	450
Director's Loan Account	71,222	28,169
Due on Hire Purchase Contract	3,815	3,815
	<u>£226,246</u>	<u>£138,327</u>

IX BANK LOAN AND OVERDRAFT

The Bank Loan and Overdraft are secured by a floating charge over all Fixed Assets. The Loan is repayable by monthly instalments to October 2003.

X PENSION FUND LOANBACK

The following Loan was taken out with National Provident Institution secured against the Harrison Operations Limited Executive Pension Plan. Interest is payable on the Loan at a maximum rate of interest 3% greater than the rate of bonus declared by N.P.I. on investments held in capital account for each calendar year. The Loan was repaid during the year under review.

XI DUE ON HIRE PURCHASE CONTRACTS

	<u>2002</u>	<u>2001</u>
	<u>£</u>	<u>£</u>
Due after 12 months	<u>£3,179</u>	<u>£6,994</u>

XII CAPITAL COMMITMENTS

The Directors had approved capital expenditure at 30 June 2002 amounting to nil (2001 nil).

HARRISON OPERATIONS LIMITED

NOTES TO FINANCIAL STATEMENTS – 30 JUNE 2002

(Continued)

XIII SHARE CAPITAL

At 1 July 2001 and 30 June 2002

Authorised and Issued 200,000 Ordinary Shares of £1 each	£200,000 =====
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XIV RESERVES

	<u>Capital Reserve</u>	<u>Profit and Loss Account</u>
	£	£
At 1 July 2001	103,393	(500,436)
Retained (Loss) for the Year	-	(12,661)
At 30 June 2002	<u>£103,393</u> =====	<u>£(513,097)</u> =====

XV COMPARATIVE FIGURES

The comparative figures represent balances at 30 June 2001 or income or expenditure for the year ended on that date.

HARRISON OPERATIONS LIMITED

NOTES TO FINANCIAL STATEMENTS – 30 JUNE 2002

(Continued)

XVI CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2002

Reconciliation of Operating Profit to Cash Inflow from Operating Activities

	<u>£</u>
Operating Profit	6,073
Depreciation Charges	6,950
(Increase) in Debtors	(256)
Increase in Creditors	88,381
(Increase) in Stock	<u>(13,330)</u>

Net Cash Inflow from Operating Activities	£87,818
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Cash Flow Statement

Net Cash Inflow from Operating Activities	87,818
Returns on Investments and Servicing of Finance [Note (a)]	(18,734)
Taxation – UK Corporation Tax Paid	(1)
Capital Expenditure [Note (a)]	<u>(6,115)</u>

Net Cash Inflow before Financing	62,968
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Financing – Bank Loan Repayments	(10,200)
- Pension Fund Loanback Repayment	<u>(25,000)</u>

Increase in Cash	<u>£27,768</u>
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Reconciliation of Net Cash Flow to Movement in Net Debt

Increase in cash in period	<u>27,768</u>
Change in period	27,768
Net Debt at 1 July 2001	(86,324)
	<u> </u>
Net Debt at 30 June 2002	£(58,556)
	<u> </u>

NOTES TO FINANCIAL STATEMENTS – 30 JUNE 2002(Continued)XVI CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2002(Continued)Notes to Cash Flow Statement

£

(a) Gross Cash Flows

Returns on investment and servicing of Financing

Interest Received

-

Interest Paid

(18,734)

£(18,734)

Capital Expenditure

Payments to acquire tangible fixed assets

(6,115)

Proceeds of sale of tangible fixed assets

-

£(6,115)

(b) Analysis of Changes in Net Funds

	At <u>1 July 2001</u>	Cash <u>Flows</u>	At <u>30 June 2002</u>
	£	£	£
Bank (Overdraft)	(86,698)	27,752	(58,946)
Cash in Hand	374	16	390
	<u>(86,324)</u>	<u>27,768</u>	<u>£(58,556)</u>

HARRISON OPERATIONS LIMITED

NOTES TO FINANCIAL STATEMENTS – 30 JUNE 2002

(Continued)

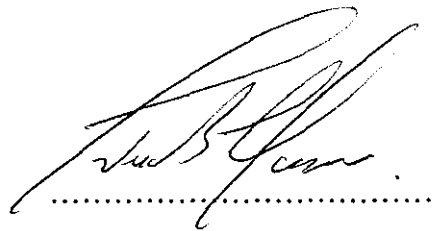
XV STATEMENT OF DIRECTOR'S RESPONSIBILITIES

Company law requires the Director to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those Financial Statements the Director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- prepare the Financial Statement on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Director is 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 Financial Statements comply with the Companies Act 1985. He is also 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.

By Order of the Board

A handwritten signature in dark ink, appearing to read 'T.B. Harrison', is written over a horizontal dotted line.

T.B. Harrison
Director

23 January 2003

HARRISON OPERATIONS LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS OF

HARRISON OPERATIONS LIMITED

We have audited the Financial Statements on pages 3 to 13 which have been prepared under the accounting policies set out on page 5.

Respective Responsibilities of the Director and the Auditors

As described above, the Company's Director is responsible for the preparation of the Financial Statements. It is our responsibility to form an independent opinion, based on our audit, on those Financial and to report our opinion to you.

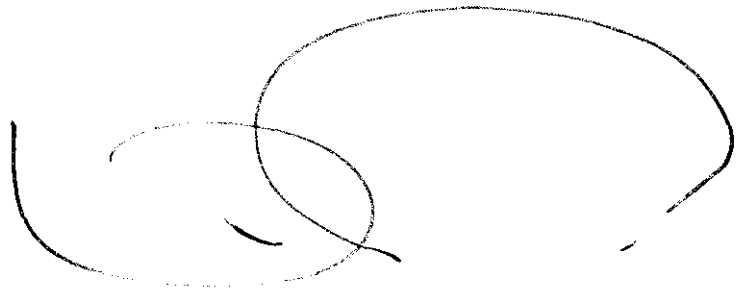
Basis of Opinion

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 the judgements made 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 Financial Statements are free from material mis-statement, 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.

Opinion

In our opinion these Financial Statements give a true and fair view of the state of affairs of the Company at 30 June 2002 and of the result and cash flow for the year then ended and that they have been properly prepared in accordance with the Companies Act 1985.



30 January 2003

Whitmill Prescott & Co.
Chartered Accountants
Registered Auditors

PO Box 34
Bishop's Stortford
Herts.
CM23 5SW