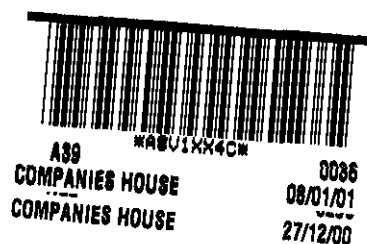


Howland-West Limited

Report and Financial Statements
29 February 2000



Company No. 823931

Report and Financial Statements 2000

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

NW Pullan FCA	(Chairman)
J Ruppin	(Non-executive)
DW Hartburn	

SECRETARY

C Reilly

REGISTERED OFFICE

Mitre House
North Park Road
Harrogate
North Yorkshire
HG1 5RX

BANKERS

Barclays Bank PLC
Minerva House
29 East Parade
Leeds
LS1 5TN

SOLICITORS

Irwin Mitchell
21 Queen Street
Leeds
LS1 2TW

AUDITORS

PricewaterhouseCoopers
Benson House
33 Wellington Street
Leeds
LS1 4JP

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the 9 months ended 29 February 2000.

ACTIVITIES

The principal activity of the company is that of professional audio and visual equipment wholesale and distribution. The directors consider the performance and the year end financial position of the business to be satisfactory and they remain confident about its future prospects.

RESULTS AND DIVIDENDS

The results of the company for the 9 months ended 29 February 2000 are set out in the financial statements on pages 6 to 14.

During the 9 months, an interim dividend of £708,251 (1998: £ nil) was paid. The directors recommend that a final dividend of £120,956 (1999: £ nil) be paid and that the retained deficit of £ (326,236) (1999: retained profit £ 228,291) be transferred to reserves.

DIRECTORS AND THEIR INTERESTS

The directors who served during the whole of the nine months are shown on page 2.

No director had any interest in the shares of the company either at 29 May 1999 (or on appointment) or at 29 February 2000. The following directors were appointed and resigned during the period:

D Hafler	(Resigned 29 May 1999)
A Zagury	(Resigned 29 May 1999)
A Toledano	(Resigned 29 May 1999)
A E Grant	(Appointed 29 May 1999; Resigned 4 January 2000)
N W Pullan	(Appointed 29 May 1999)

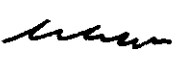
YEAR 2000


Following the passing of the Millennium the directors continue to be alert to the potential risks and uncertainties surrounding the year 2000 issue. As at the date of this report, the directors are not aware of any significant factors which have arisen, or that may arise, which will affect the activities of the business; however the situation is still being monitored. Any future costs associated with the issue cannot be quantified but are not anticipated to be significant.

AUDITORS

Goldwyns resigned as auditors on 3 December 1999. PricewaterhouseCoopers were appointed by the directors to fill the casual vacancy arising. PricewaterhouseCoopers have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board


C Reilly
Secretary
5 June 2000




STATEMENT OF DIRECTORS' RESPONSIBILITIES


Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company as at the end of the financial period and of 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 then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- Comply with applicable accounting standards subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements 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, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board


C Reilly
Secretary
5 June 2000



AUDITORS' REPORT TO THE MEMBERS OF HOWLAND-WEST LIMITED

We have audited the financial statements on pages 6 to 14 which have been prepared in accordance with the historical cost convention and the accounting policies set out on pages 8 and 9.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report including, as described on page 4, for preparing the financial statements in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom Companies Act. We also report to you if, in our opinion, the directors' report 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 is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit 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 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 29 February 2000 and of its result for the nine months then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Leeds
5 June 2000

PROFIT AND LOSS ACCOUNT
Nine Months Ended 29 February 2000

	Note	Nine Months Ended 29 February 2000 £	Five Months Ended 28 May 1999 £
TURNOVER - continuing operations	2	5,244,881	2,419,216
Cost of Sales		<u>(3,254,287)</u>	<u>(1,487,137)</u>
Gross Profit		1,990,594	932,079
Selling and distribution costs		<u>(811,746)</u>	<u>(456,933)</u>
Administrative expenses		<u>(445,651)</u>	<u>(154,213)</u>
OPERATING PROFIT-continuing operations	3	733,197	320,933
Interest payable	5	(1,004)	(484)
Interest receivable		<u>5,778</u>	<u>4,644</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		737,971	325,093
Tax on profit on ordinary activities	6	<u>(235,000)</u>	<u>(96,802)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		502,971	228,291
Dividends paid and proposed	7	<u>(829,207)</u>	<u>-</u>
RETAINED(DEFICIT)/PROFIT FOR THE PERIOD	14,15	<u><u>(326,236)</u></u>	<u><u>228,291</u></u>

The company has no recognised gains or losses, in either the current period or preceding period, other than those shown in the profit and loss account above.

There is no difference between the profit on ordinary activities before taxation and the retained deficit for the period and their historical cost equivalents.

BALANCE SHEET
29 February 2000

	Note	February 2000 £	May 1999 £
FIXED ASSETS			
Tangible assets	8	<u>698,908</u>	<u>723,386</u>
CURRENT ASSETS			
Stock	9	885,551	813,068
Debtors	10	1,096,466	989,459
Cash at bank and in hand		<u>118,055</u>	<u>440,966</u>
		2,100,072	2,243,493
CREDITORS: amounts falling due within one year	11	<u>(1,036,723)</u>	<u>(878,386)</u>
NET CURRENT ASSETS		<u>1,063,349</u>	<u>1,365,107</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,762,257</u>	<u>2,088,493</u>
CAPITAL AND RESERVES			
Called up share capital	13	15,500	15,500
Profit and loss account	14	<u>1,746,757</u>	<u>2,072,993</u>
TOTAL EQUITY SHAREHOLDERS' FUNDS	15	<u>1,762,257</u>	<u>2,088,493</u>

Signed on behalf of the Board of Directors.

N W Pullan
Chairman
5 June 2000

D W Hartburn
Director
5 June 2000

NOTES TO THE FINANCIAL STATEMENTS
Nine Months Ended 29 February 2000

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted by the directors are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Turnover

Turnover represents amounts invoiced, excluding value added tax, in respect of the sale of goods to customers.

Tangible Fixed Assets

Depreciation is provided on cost on a straight line basis over the estimated useful lives of the assets. The rates of depreciation are as follows:

Freehold land and buildings	2.0% per annum
Plant and equipment	10.0% per annum
Office equipment, fixtures and fittings	10.0% per annum
Computer equipment	33.0% per annum
Motor vehicles	25.0% per annum

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is calculated using the first-in-first-out method and consists of direct material cost together with as appropriate, associated purchase costs such as carriage inwards, freight and duty. Net realisable value represents estimated selling price less distribution costs to bring the goods to the point of sale.

Deferred Taxation

Deferred tax is provided in respect of all timing differences, to the extent that it is probable that a liability will crystallise in the foreseeable future, at the rates of tax expected to apply when the timing differences reverse.

Leases

Operating lease rentals are charged to profit and loss in equal annual instalments over the term of the lease.

Pension Costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions payable for the period are charged in the profit and loss account.

Foreign Currencies

Assets, liabilities, revenues and costs expressed in foreign currencies are translated into sterling at the rates of exchange ruling on the date on which the transaction occurs. Differences arising on the translation of such items are dealt with in the profit and loss account.

Cash Flow Statement

The Company has taken advantage of the exemption from preparing a cash flow statement, in accordance with Financial Reporting Standard Number 1, as it is a wholly owned subsidiary undertaking and the ultimate parent undertaking publishes consolidated financial statements which include a consolidated cash flow statement.

2. SEGMENTAL INFORMATION

Turnover, profit before taxation and net assets are all attributable to the principal activity of the company. The geographical split of turnover is as follows:

	Nine Months Ended 29 February 2000	Five Months Ended 28 May 1999
	£	£
United Kingdom	5,078,526	2,352,429
Europe and the Rest of the World	<u>166,355</u>	<u>66,787</u>
	<u>5,244,881</u>	<u>2,419,216</u>

3. OPERATING PROFIT

	Nine Months Ended 29 February 2000	Five Months Ended 28 May 1999
	£	£
Operating profit is after charging:		
Depreciation and other amounts written off		
Tangible fixed assets: owned assets	66,037	32,514
Auditors' remuneration - audit fee	<u>10,500</u>	<u>6,500</u>
and after crediting:		
Profit on the sale of fixed assets	<u>5,184</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS
Nine Months Ended 29 February 2000

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	Nine Months Ended 29 February 2000 £	Five Months Ended 28 May 1999 £
Directors' emoluments		
Emoluments for management and services as a director	86,247	55,414
Contributions to money purchase pension schemes	3,750	706
	<u>89,997</u>	<u>56,120</u>

	Nine Months Ended 29 February 2000 No	Five Months Ended 28 May 1999 No
Number of directors to whom benefits are accruing under money purchase pension schemes	<u>1</u>	<u>1</u>

Employees

Average number of persons, including executive directors, employed by the company during the period:

Selling and Distribution	18	17
Office and Administration	8	9
Service and Repair	2	2
	<u>28</u>	<u>28</u>

	Nine Months Ended 29 February 2000 £	Five Months Ended 28 May 1999 £
Staff costs incurred during the period in respect of these persons were:		
Wages and salaries	564,099	311,907
Social security costs	61,727	36,180
Other pension costs	19,124	7,612
	<u>644,950</u>	<u>355,699</u>

NOTES TO THE FINANCIAL STATEMENTS
Nine Months Ended 29 February 2000

5. INTEREST PAYABLE

	Nine Months Ended 29 February 2000 £	Five Months Ended 28 May 1999 £
Group loans	1,004	-
Other loans	-	484
	<u>1,004</u>	<u>484</u>

6. TAXATION

	Nine Months Ended 29 February 2000 £	Five Months Ended 28 May 1999 £
Based on the profit for the period: Corporation tax at 30% (1999 - 31%)	<u>235,000</u>	<u>96,802</u>

7. DIVIDENDS

	Nine Months Ended 29 February 2000 £	Five Months Ended 28 May 1999 £
Interim paid - £45.69 per ordinary share (1999: £nil)	708,251	-
Final proposed - £7.80 per ordinary share (1999: £nil)	120,956	-
	<u>829,207</u>	<u>-</u>

8. TANGIBLE FIXED ASSETS

	Freehold Land and Buildings £	Plant and Equipment £	Office Equipment Fixtures Fittings & Computer Equipment £	Motor Vehicles & Commercial Vehicles £	Total £
Cost					
At 29 May 1999	542,379	35,639	271,080	187,432	1,036,530
Additions	-	429	11,882	48,433	60,744
Disposals	-	-	-	(64,863)	(64,863)
At 29 February 2000	<u>542,379</u>	<u>36,068</u>	<u>282,962</u>	<u>171,002</u>	<u>1,032,411</u>
Accumulated Depreciation					
At 29 May 1999	-	21,398	175,859	115,887	313,144
Charge for the period	8,136	1,878	25,104	30,919	66,037
Disposals	-	-	-	(45,678)	(45,678)
At 29 February 2000	<u>8,136</u>	<u>23,276</u>	<u>200,963</u>	<u>101,128</u>	<u>333,503</u>
Net Book Value					
At 29 February 2000	<u>534,243</u>	<u>12,792</u>	<u>81,999</u>	<u>69,874</u>	<u>698,908</u>
At 29 May 1999	<u>542,379</u>	<u>14,241</u>	<u>95,221</u>	<u>71,545</u>	<u>723,386</u>

NOTES TO THE FINANCIAL STATEMENTS
Nine Months Ended 29 February 2000

9. STOCKS

	February 2000 £	May 1999 £
Goods for resale and spares	<u>885,551</u>	<u>813,068</u>

10. DEBTORS

	February 2000 £	May 1999 £
Amounts falling due within one year		
Trade debtors	914,213	888,404
Amounts owed by parent company	80,373	-
Prepayments and accrued income	25,331	44,788
Other debtors	<u>76,549</u>	<u>56,267</u>
	<u><u>1,096,466</u></u>	<u><u>989,459</u></u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	February 2000 £	May 1999 £
Trade creditors	466,648	453,097
Corporation Tax	235,000	227,822
Other taxation and social security	36,133	46,989
Other creditors	-	5,515
Accruals and deferred income	177,986	144,963
Proposed dividend	<u>120,956</u>	<u>-</u>
	<u><u>1,036,723</u></u>	<u><u>878,386</u></u>

Included within accruals and deferred income is £19,497 (1999: £nil) due after more than one year.

12. DEFERRED TAXATION

	£
At 29 May 1999	-
Profit and loss account charge	<u>-</u>
At 29 February 2000	<u><u>-</u></u>

	Amount Provided £	2000 Amount Unprovided £	Amount Provided £	1999 Amount Unprovided £
Excess of capital allowances over depreciation	-	(2,239)	-	(874)
Interest and other timing differences	<u>-</u>	<u>(28,169)</u>	<u>-</u>	<u>(22,320)</u>
	<u><u>-</u></u>	<u><u>(30,408)</u></u>	<u><u>-</u></u>	<u><u>(23,194)</u></u>

The amount unprovided represents a deferred tax asset which has not been recognised in the accounts.

NOTES TO THE FINANCIAL STATEMENTS
Nine Months Ended 29 February 2000

13. SHARE CAPITAL

	Number of shares	February 2000 £	Number of shares	May 1999 £
Authorised				
Ordinary shares of £1 each	<u>16,000</u>	<u>16,000</u>	<u>16,000</u>	<u>16,000</u>
Called up, allotted and fully paid				
Ordinary shares of £1 each	<u>15,500</u>	<u>15,500</u>	<u>15,500</u>	<u>15,500</u>

14. RESERVES

	Profit and loss account £
At 29 May 1999	2,072,993
Deficit for the period	(326,236)
At 29 February 2000	<u>1,746,757</u>

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Nine Months Ended 29 February 2000 £	Five Months Ended 28 February 1999 £
Profit for the financial period	502,971	228,291
Dividends	<u>(829,207)</u>	<u>-</u>
Net movement in shareholders' funds	<u>(326,236)</u>	<u>228,291</u>
Opening shareholders' funds	<u>2,088,493</u>	<u>1,860,202</u>
Closing shareholders' funds	<u>1,762,257</u>	<u>2,088,493</u>

16. PENSION COMMITMENTS

The company operates defined contribution pension schemes. The assets of the schemes are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to the funds and amounted to £ 19,124 (1999: £7,612).

17. CONTINGENT LIABILITIES

There is a contingent liability in respect of a £120,000 guarantee to Customs and Excise. No loss is expected to arise in respect of this guarantee.

NOTES TO THE FINANCIAL STATEMENTS
Nine Months Ended 29 February 2000

18. RELATED PARTIES

Financial Reporting Standard Number 8 gives an exemption that transactions which eliminate on consolidation do not require disclosure. The Company has taken advantage of this exemption.

19. CONTROLLING PARTIES

The company's immediate controlling party is Wilton Investments Limited, a company registered in England and Wales.

The entire ordinary share capital of Wilton Investments Limited is held by three Isle of Man trusts. Having regard to the nature of those trusts and the disposition of the trustees and beneficiaries, the company has no ultimate controlling party.