

HUNTER MELSOM CEILINGS LIMITEDNO. OF COMPANY - 1169054YEAR ENDED 31ST MAY, 1997REPORT OF THE AUDITORS TO THE DIRECTORS OF HUNTER MELSOM CEILINGS LIMITED

The financial statements set out on pages 2 to 4 have been prepared on the basis of the abbreviation available to small companies under section 247 of the Companies Act 1985.

In our opinion, for the year ended 31st May, 1997, the company is entitled to the abbreviations available to a small company and the financial statements have been properly prepared in accordance with section 247 of the Companies Act 1985.

We reproduce below our audit report to the shareholders of the company on the full financial statements for the year ended 31st May, 1997.

"We have audited the financial statements on pages 4 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 1, 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 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 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, the financial statements give a true and fair view of the state of the company's affairs at 31st May, 1997 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985, applicable to small companies."

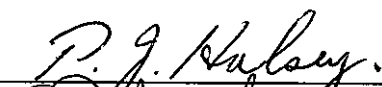
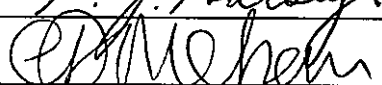
APEX HOUSE,  
GRAND ARCADE,  
NORTH FINCHLEY,  
LONDON. N12 0EJ.

*Newton & Lymer*  
CHARTERED ACCOUNTANTS  
REGISTERED AUDITOR  
DATE: 3<sup>RD</sup> OCTOBER 1997

HUNTER MELSOM CEILINGS LIMITEDBALANCE SHEETAT 31ST MAY, 1997

|   | <u>Notes</u> | <u>1997</u> | <u>1996</u> |
|---|--------------|-------------|-------------|
| <u>FIXED ASSETS</u>                             |              |             |             |
| Tangible assets                                 | 2            | 9,988       | 13,323      |
| <u>CURRENT ASSETS</u>                           |              |             |             |
| Stock & work in progress                        | 18,172       | -           |             |
| Debtors   | 118,916      | 174,537     |             |
| Cash at bank and in hand                        | 30,692       | 101         |             |
|   | -----        | -----       |             |
|   | 167,780      | 174,638     |             |
| <u>CREDITORS</u>                                |              |             |             |
| Amounts falling due within one year             | 91,930       | 140,428     |             |
|   | -----        | -----       |             |
| <u>NET CURRENT ASSETS</u>                       |              | 75,850      | 34,210      |
|   |              | -----       | -----       |
|   |              | 85,838      | 47,533      |
| <u>CREDITORS</u>                                |              |             |             |
| Amounts falling due after<br>more than one year |              | 914         | 4,270       |
|   |              | -----       | -----       |
|   |              | £84,924     | £43,263     |
|   |              | =====       | =====       |
| <u>CAPITAL AND RESERVES</u>                     |              |             |             |
| Called up share capital                         | 3            | 100         | 100         |
| Profit and loss account                         |              | 84,824      | 43,163      |
|   |              | -----       | -----       |
|   |              | £84,924     | £43,263     |
|   |              | =====       | =====       |

The accounts have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

  
  
 ) DIRECTORS

Approved by the board on 30<sup>th</sup> SEPTEMBER 1997

HUNTER MELSOM CEILINGS LIMITEDNOTES TO THE ACCOUNTS**1. ACCOUNTING POLICIES**

The following accounting policies have been applied consistently in dealing with items which are considered to be material in relation to the company's accounts:-

**Basis of accounting**

The accounts have been prepared under the historical cost convention.

**Depreciation**

Depreciation is provided to write off the cost of tangible fixed assets over their estimated useful lives using the reducing balance method at a rate of 25% per annum.

**Work in progress**

Work in progress is valued at production cost which includes an appropriate proportion of overheads.

**Pension scheme**

The company operates a defined contribution pension scheme. The charge to profit and loss account is the amount of contributions payable to the pension scheme for the year. The amount charged for the year ended 31st May, 1997 was £1,851 (1996 - £1,851).

**Leases and hire purchase agreements**

Tangible fixed assets acquired under hire purchase agreements and leasing agreements which give rights approximating to ownership (finance leases) are capitalised at inception and depreciated at the appropriate rates for the classes of assets concerned. Payments under hire purchase agreements and finance leases are treated as consisting of capital and interest elements and interest is charged to the profit and loss account. Rentals on all other leases (operating leases) are charged wholly to the profit and loss account. Net liabilities under finance leases exclude related finance charges.

**Operating leases**

Costs in respect of operating leases are charged in arriving at the operating profit on a straight line basis over the lease term.

HUNTER MELSOM CEILINGS LIMITEDNOTES TO THE ACCOUNTS2. TANGIBLE FIXED ASSETS

| <u>COST</u>                     | <u>1996</u>      | <u>Additions</u>           | <u>Disposals</u>                  | <u>1997</u>      |
|---------------------------------|------------------|----------------------------|-----------------------------------|------------------|
| Tangible fixed assets           | £46,989<br>===== | -<br>=====                 | -<br>=====                        | £46,989<br>===== |
| <u>ACCUMULATED DEPRECIATION</u> | <u>1996</u>      | <u>Charge<br/>for year</u> | <u>Eliminated<br/>on Disposal</u> | <u>1997</u>      |
| Tangible fixed assets           | £33,666<br>===== | £3,335<br>=====            | -<br>=====                        | £37,001<br>===== |
| <u>NET BOOK VALUE</u>           | <u>1996</u>      |                            |                                   | <u>1997</u>      |
| Tangible fixed assets           | £13,323<br>===== |                            |                                   | £9,988<br>=====  |
|                                 |                  | <u>1997</u>                |                                   | <u>1996</u>      |

3. SHARE CAPITALAuthorised, issued & fully paid

|                                |             |             |
|--------------------------------|-------------|-------------|
| 100 Ordinary shares of £1 each | £100<br>=== | £100<br>=== |
|--------------------------------|-------------|-------------|