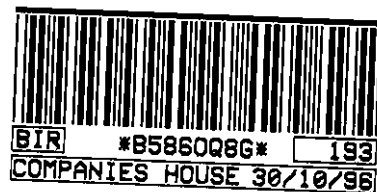


STATEMENT OF ACCOUNTS

31ST OCTOBER, 1995

S. J. SMALLMAN LIMITED  
Company No. 611884

POTTER MCGREGOR & CO  
CHARTERED ACCOUNTANTS  
Mill Street,  
Sutton Coldfield, B72 1TG



ACCOUNTANTS REPORT TO THE SHAREHOLDERS OF

S. J. SMALLMAN LIMITED

ABBREVIATED ACCOUNTS - ACCOUNTANTS REPORT

The following reproduces the text of the Accountants Report prepared for the purposes of Section 249A(2) Companies Act, 1985 in respect of the company's annual accounts, from which the abbreviated accounts set out on pages 2 to 4 have been prepared:-

"ACCOUNTANTS REPORT TO THE SHAREHOLDERS ON THE UNAUDITED ACCOUNTS OF

S. J. SMALLMAN LIMITED

We report on the accounts for the year ended 31st October, 1995 set out on pages 3 to 8.

Respective responsibilities of directors and reporting accountants  
As described on page 4 the company's directors are responsible for the preparation of the accounts, and they consider that the company is exempt from an audit. It is our responsibility to carry out procedures designed to enable us to report our opinion.

Basis of opinion


Our work was conducted in accordance with the Statement of Standards for Reporting Accountants, and so our procedures consisted of comparing the accounts with the accounting records kept by the company, and making such limited enquiries of the officers of the company as we considered necessary for the purposes of this report. These procedures provide only the assurance expressed in our opinion.

Opinion

In our opinion:

- (a) the accounts are in agreement with the accounting records kept by the company under section 221 of the Companies Act, 1985;
- (b) having regard only to, and on the basis of, the information contained in those accounting records;
  - (i) the accounts have been drawn up in a manner consistent with the accounting requirements specified in section 249C(6) of the Act; and
  - (ii) the company satisfied the conditions for exemption from an audit of the accounts for the year specified in section 249A(4) of the Act and did not, at any time within that year, fall within any of the categories of companies not entitled to the exemption specified in section 249B(1).

28th October, 1996  
Sutton Coldfield.

  
Potter McGregor & Co.  
Chartered Accountants"

S. J. SMALLMAN LIMITEDBalance Sheet as at 31st October, 1995

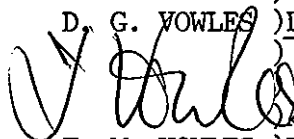
	<u>NOTES</u>	<u>1995</u>	<u>1994</u>
<u>FIXED ASSETS</u>			
Tangible assets	3	67,389	76,169
Investments	3	<u>13,283</u>	<u>13,283</u>
		80,672	89,452
<u>CURRENT ASSETS</u>			
Debtors - Due within one year		79,172	44,323
Due after one year		24,183	26,459
Cash at Building Society		6,308	4,879
Cash at bank and in hand		<u>2,173</u>	<u>7,673</u>
		111,836	83,334
<u>CREDITORS</u> - Amounts falling due within one year	2	<u>128,302</u>	<u>101,956</u>
<u>NET CURRENT LIABILITIES</u>		(16,466)	(18,622)
		64,206	70,830
<u>CREDITORS</u> - Amounts falling due after more than one year		<u>2,912</u>	<u>4,653</u>
<u>NET ASSETS</u>		£61,294	£66,177
<u>CAPITAL AND RESERVES</u>			
Called up share capital	4	1,000	1,000
Revaluation Reserve		46,900	46,900
Profit and Loss Account		<u>13,394</u>	<u>18,277</u>
<u>SHAREHOLDERS' FUNDS</u>		£61,294	£66,177

For the financial year ended 31st October, 1995 the company was entitled to exemption from audit under section 249A(2) Companies Act, 1985 and no notice has been deposited under section 249B(2). The directors acknowledge their responsibilities for ensuring that the company keeps accounting records which comply with section 221 of the Act and preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the year and of its profit or loss for the financial year in accordance with the requirements of section 226 and which otherwise comply with the requirements of the Companies Act 1985 so far as applicable to the Company.

The directors have taken advantage of the exemptions conferred by Part 111 of Schedule 8 to the Companies Act 1985 and have done so on the grounds that, in their opinion, the company qualifies as a small company.

In the preparation of the company's annual accounts, the directors have taken advantage of special exemptions applicable to small companies provided by Part 1 of Schedule 8, and have done so on the grounds that, in their opinion, the company qualifies as a small company.

D. G. VOWLES ) DIRECTORS



Approved by the Board of  
T. M. VOWLES ) Directors on 28th October, 1996

S. J. SMALLMAN LIMITEDNOTES TO THE ACCOUNTS31ST OCTOBER, 19951. ACCOUNTING POLICIES(a) Basis of Accounting

Accounts have been prepared in accordance with applicable accounting standards and under the historical cost convention as modified to take account of revaluation of certain assets.

(b) Fixed Assets - Depreciation and Amortisation

Depreciation is provided on the straight line method over the estimated useful lives of the assets. The basis used is as follows:-

Freehold property	1% of £40,000 of revalued property
Office fixtures and fittings	Over ten years
Motor vehicles	Over five years
Leased assets	Over the period of the primary rental

Goodwill is written off against reserves in the year of purchase.

Revaluation of freehold property is carried out every five years.

(c) Fixed Assets - Investments

Provision is not made for unrealised losses on investments unless the loss appears to be permanent.

(d) Interest receivable on loans made is spread in equal instalments over the duration of the repayment period.(e) Deferred Taxation

Deferred taxation is provided using the liability method in respect of the taxation effect of all timing differences other than those which are expected with reasonable probability to continue in the foreseeable future.

(f) Pensions

The Company operates a defined contribution externally funded pension scheme for a director and an employee. Contributions are normally charged against profits as contributions are made.

(g) Leased Assets

Fixed assets acquired under finance leases or hire purchase contracts are treated as if they had been purchased and the corresponding lease commitments are included under creditors.

(h) Cash flow statement

The Company has taken advantage of the exemption in Financial Reporting Standard No. 1 from producing a cash flow statement on the grounds that it is a small company.

2. Creditors - Amounts falling due within one year.

These include the following that are secured:-

	<u>1995</u>	<u>1994</u>
Bank overdraft - Secured	£30,618	£16,233
	=====	=====

S. J. SMALLMAN LIMITEDNOTES TO THE ACCOUNTS (CONTINUED)31ST OCTOBER, 19953. Fixed AssetsTangible

Cost or valuation 1.11.94.	108,225
Additions	317
Disposals	(6,000)
Cost or valuation 31.10.95.	<u>£102,542</u>

Depreciation at 1.11.94.	32,056
Charge for the year	7,597
Disposals	(4,500)
Depreciation at 31.10.95.	<u>£35,153</u>

Written down value at 31.10.95. £67,389

Written down value at 31.10.94. £76,169

Investments

Cost at 1.11.94.	14,863
Additions	-
Disposals	-
Cost at 31.10.94.	<u>£14,863</u>

Amounts written off

At 1.11.94.	1,580
Provided in year	-
Disposals	-
At 31.10.95.	<u>£ 1,580</u>

Net Book Value 31.10.95. £13,283

Net Book Value 31.10.94. £13,283

Market Value 31.10.95. £ 9,676

Market Value 31.10.94. £ 9,962

4. Share Capital

	1995	1994
Authorised - 10,000 Ordinary Shares of £1 each	<u>£10,000</u>	<u>£10,000</u>

	1995	1994
Issued - 1,000 Ordinary Shares of £1 each fully paid	<u>£1,000</u>	<u>£1,000</u>

5. Directors interests in contracts

D. G. Vowles has the following loans	<u>Balance at the</u>	<u>Balance at the</u>
	<u>beginning of the year</u>	<u>end of the year</u>
Interest free	£586	£580
Interest payable at a commercial rate	£1,166	£500

Maximum outstanding in the year £1,752