

HOW INTERNATIONAL LIMITED

DIRECTORS' REPORT

AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1994

REGISTERED NUMBER - 759483



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COMPANIES HOUSE 04/10/95

HOW INTERNATIONAL LIMITED

(A wholly owned subsidiary of How Engineering Services Limited,
registered in England and Wales)

REPORT OF THE DIRECTORS

The directors present their annual report and the audited financial statements of the Company for the year ended 31 December 1994.

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing financial statements for each financial year which comply with the Companies Act 1985 and which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss for that period.

The financial statements should be prepared on a going concern basis unless, exceptionally, it is inappropriate to presume that the Company will continue in business. In preparing the statements the directors are required to follow applicable accounting standards and to select suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates.

The directors are also responsible for ensuring that proper and adequate accounting records have been maintained and that appropriate procedures have been followed for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

PRINCIPAL ACTIVITY

The Company has not traded during the year.

DIRECTORS AND THEIR INTERESTS

The directors who served throughout the year were:-

D Summerfield (Chairman)
C A Gilbert
A G Lawson

C A Gilbert resigned as a director on 14 January 1995.

The directors hold no shares of the Company.

The director who is not also a director of the ultimate parent undertaking, How Group plc, held the following interests in the 10p ordinary shares of that company:-

	At 31.12.94.		At 31.12.93.	
	Fully paid	Share options	Fully paid	Share options
A G Lawson	220,500	255,000	220,500	255,000

The other directors were also directors of How Group plc at 31 December 1994 and their interests are disclosed in that company's financial statements.

HOW INTERNATIONAL LIMITED

REPORT OF THE DIRECTORS
(continued)

AUDITORS

The Birmingham partnership of BDO Binder Hamlyn merged their practice with Touche Ross & Co on 1 October 1994 and now carry on business under the name of Touche Ross & Co. The directors consented to the appointment of the Birmingham partnership of BDO Binder Hamlyn as auditors of the Company being treated as extending to Touche Ross & Co. A resolution to re-appoint Touche Ross & Co as auditors will be proposed at the Annual General Meeting.

This report was approved by the Board on 20 April 1995.



C S Dixon
Secretary

AUDITORS' REPORT TO THE MEMBERS OF

HOW INTERNATIONAL LIMITED

We have audited the financial statements on pages 4 and 5 which have been prepared on the basis of the accounting policies set out on page 5.

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 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 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 31 December 1994 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Touche Ross & Co.

Touche Ross & Co
Chartered Accountants & Registered Auditors
Colmore Gate
2 Colmore Row
Birmingham
B3 2BN

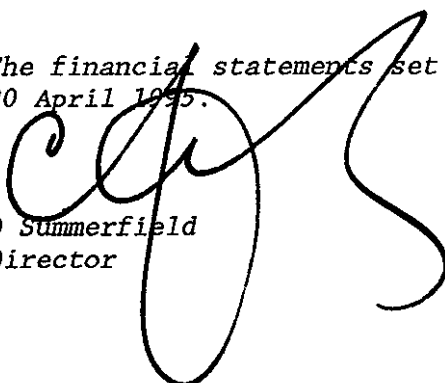
7 July 1995

HOW INTERNATIONAL LIMITED

BALANCE SHEET AT 31 DECEMBER 1994

	Notes	1994 £	1993 £
<i>CURRENT ASSETS</i>			
Debtors	2	10,000	10,000
		_____	_____
<i>NET ASSETS</i>		£10,000	£10,000
		_____	_____
<i>CAPITAL AND RESERVES</i>			
Called up share capital	3	£10,000	£10,000
		_____	_____

The financial statements set out on pages 4 and 5 were approved by the Board on 20 April 1995.


D Summerfield
Director

HOW INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

2 DEBTORS	1994	1993
Amounts owed by Group undertakings	£10,000	£10,000
	<hr/>	<hr/>

3 CALLED UP SHARE CAPITAL

Authorised, allotted and fully paid 10,000 ordinary shares of £1 each	£10,000	£10,000
	<hr/>	<hr/>

4 CONTINGENT LIABILITIES

The Company has entered into an unlimited multilateral guarantee in respect of the bank borrowings of How Group plc and its subsidiary undertakings, under which the Company had a contingent liability at 31 December 1994 of £14,609,013 (1993 - £15,369,224) relating to the overdrafts of certain companies.

5 PARENT UNDERTAKINGS

The Company's ultimate parent undertaking is How Group plc, registered in England and Wales.

How Group plc is the parent undertaking of the largest group of which How International Limited is a member and for which group accounts are drawn up.

How Engineering Services Limited, registered in England and Wales is the parent undertaking of the smallest group of which How International Limited is a member and for which group accounts are drawn up.

Accounts for both undertakings have been delivered and are available from the Registrar of Companies, Crown Way, Maindy, Cardiff CF4 3UZ.