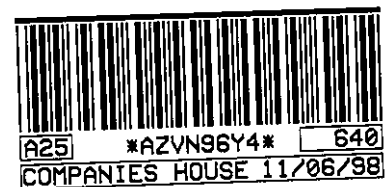


NORMAN KNIGHTS LIMITED

**REPORT AND ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED
31 DECEMBER 1997**

Company Number: 1176860

REGISTRAR'S COPY



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Directors

D J Shah
M J Shah
N Shah

Company Secretary

N Shah

**Business Address and
Registered Office**

3 Mountview Court
310 Friern Barnet Lane
Whetstone
London N20 0LD

Bankers

Barclays Bank plc
Piccadilly Business Centre
160 Piccadilly
London W1A 2AB

Auditors

Littlejohn Frazer
Chartered Accountants
and Registered Auditors
1 Park Place
Canary Wharf
London E14 4HJ

Auditors' Report to Norman Knights Limited under Section 247B of the Companies Act 1985

We have examined the Abbreviated Accounts set out on pages 4 to 7, together with the full Accounts of the Company for the year ended 31 December 1997 prepared under Section 226 of the Companies Act 1985.

Respective Responsibilities of Directors and Auditors

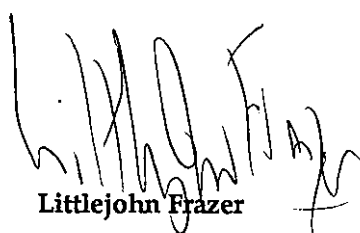
The Directors are responsible for preparing the Abbreviated Accounts in accordance with Section 226 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the Company is entitled to deliver Abbreviated Accounts prepared in accordance with Section 246 (5) and (6) of the Act to the Registrar of Companies and whether the Accounts to be delivered are properly prepared in accordance with those provisions and report our opinion to you.

Basis of Opinion

We have carried out the procedures we consider necessary to confirm, by reference to the full Accounts, that the Company is entitled to deliver Abbreviated Accounts and that the Abbreviated Accounts to be delivered are properly prepared. The scope of our work for the purposes of this report did not include examining or dealing with events after the date of our report on the full Accounts.

Opinion

In our opinion the Company is entitled to deliver Abbreviated Accounts prepared in accordance with Section 246 (5) and (6) of the Companies Act 1985 and the Abbreviated Accounts on pages 4 to 7 are properly prepared in accordance with those provisions.



Littlejohn Frazer

Chartered Accountants
and Registered Auditors

3 June 1998

1 Park Place
Canary Wharf
London E14 4HJ

NORMAN KNIGHTS LIMITED

BALANCE SHEET
At 31 December 1997

	Note	1997	1996
Fixed Assets			
Tangible assets	1	128,147	87,935
Current Assets			
Stocks		186,528	210,310
Debtors		425,801	410,235
Cash at bank and in hand		60,183	62,063
		<u>672,512</u>	<u>682,608</u>
Creditors: due within one year		350,209	350,198
		<u>322,303</u>	<u>332,410</u>
Net Current Assets			
		<u>322,303</u>	<u>332,410</u>
Total Assets less Current Liabilities		450,450	420,345
Creditors: due after one year		19,632	-
		<u>£430,818</u>	<u>£420,345</u>
		<u><u>£430,818</u></u>	<u><u>£420,345</u></u>
Capital and Reserves			
Called-up share capital	2	2,000	2,000
Profit and Loss Account		428,818	418,345
		<u>£430,818</u>	<u>£420,345</u>
		<u><u>£430,818</u></u>	<u><u>£420,345</u></u>

These Accounts have been prepared in accordance with the Special Provisions of Part 7 of the Companies Act 1985 relating to small sized companies.

Approved by the Board on 29 May 1998.

M J Shah

M. J. Shah

N Shah

N. Shah

)
)
) Directors

The Accounting Policies and Notes on pages 5 to 7 form part of these Abbreviated Accounts.

Statement of Directors' Responsibilities

Company law requires the Directors to prepare Accounts 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 year. In preparing those Accounts the Directors are required to:

- select suitable Accounting Policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the Accounts;
- prepare the Accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the Accounts comply with the Companies Act 1985. They are 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. The Accounting Policies selected are set out below.

Accounting Policies

Basis of Accounting

The Accounts are prepared under the historical cost basis of accounting, and comply with applicable Accounting Standards.

Turnover

Turnover represents amounts invoiced to customers excluding VAT, less returns and allowances.

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation of each asset, less any estimated residual value, evenly over its expected useful life. The expected useful lives of the principal categories are:

Leasehold land and buildings	-	over the lease term
Leasehold improvements	-	over the remaining lease term
Plant and machinery	-	over 6 - 10 years
Office equipment	-	over 5 years
Motor vehicles	-	25% reducing balance basis

Repairs and Renewals

All payments made to maintain the current condition of the leased property are charged to repairs and maintenance expenses in Profit and Loss Account, as incurred.

Stocks

Stocks are valued at the lower of cost and net realisable value.

Cost includes costs incurred in bringing each product to its present location and condition and is calculated on the following basis:

Raw materials	Purchase cost on a first-in, first-out basis.
Work-in-progress and finished goods	Cost of direct materials and labour plus attributable overheads based on normal levels of activity.

Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

Leasing and Hire Purchase Commitments

Assets obtained under finance leases and hire purchase contracts are capitalised in the Balance Sheet and are depreciated over their expected useful lives. The interest element of the rental obligation is charged to the Profit and Loss Account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to income as incurred.

Deferred Taxation

Deferred Taxation is provided at anticipated tax rates on differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the Accounts. Provision is made to the extent that it is likely that the liability will crystallise in the foreseeable future.

Pensions

The Company operates a Defined Contribution Scheme for its factory and office employees. Amounts payable are charged to the Profit and Loss Account when incurred.

1. Tangible Fixed Assets

Cost	Total
At 1 January 1997	301,581
Additions	68,599
	<hr/>
At 31 December 1997	370,180
	<hr/>
Depreciation	
At 1 January 1997	213,646
Provided during the year	28,387
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At 31 December 1997	242,033
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Net Book Value	
At 31 December 1997	£128,147
	<hr/>
At 31 December 1996	£87,935
	<hr/>

On 10 December 1993 Barclays Bank plc registered a legal mortgage over the leasehold property, together with first fixed charges over any future property and all book debts, and a first floating charge over all other assets. This is in respect of a cross guarantee and debenture with Heatglide Limited, with amounts outstanding of £40,281 (1996 - £59,270).

2. Called-up Share Capital	1997	1996	1997	1996
			Authorised	Allotted, called-up and fully paid
Ordinary shares of £1 each	£10,000	£10,000	£2,000	£2,000
	<hr/>	<hr/>	<hr/>	<hr/>

3. Parent Company

The ultimate Parent Company is regarded by the Directors to be Ticasa Investment Corporation, a company incorporated in Panama. The immediate Parent Company is Heatglide Limited, a company incorporated in England and Wales.