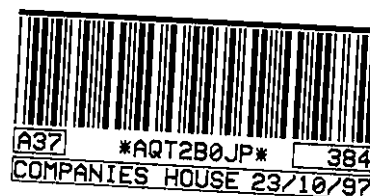


PAUL FAIRWEATHER & CO. GROUP LIMITED

ABBREVIATED FINANCIAL STATEMENTS

31ST DECEMBER 1996

WALTER HUNTER & CO
Chartered Accountants & Registered Auditors
24 Bridge Street,
Newport,
Gwent.
NP9 4SF



PAUL FAIRWEATHER & CO. GROUP LIMITED

ABBREVIATED FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 1996

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PAUL FAIRWEATHER & CO. GROUP LIMITED

AUDITORS' REPORT TO THE COMPANY

PURSUANT TO PARAGRAPH 24 OF SCHEDULE 8 TO THE COMPANIES ACT 1985

We have examined the abbreviated accounts on pages 3 to 5, together with the financial statements of the company prepared under Section 226 of the Companies Act 1985 for the year ended 31st December 1996.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

The directors are responsible for preparing abbreviated accounts in accordance with Schedule 8 to the Companies Act 1985. It is our responsibility to form an independent opinion as to the company's entitlement to the exemptions claimed in the directors' statement on page 3 and whether the abbreviated accounts have been properly prepared in accordance with that Schedule.

BASIS OF OPINION

We have carried out the procedures we considered necessary to confirm, by reference to the audited financial statements, that the company is entitled to the exemptions and that the abbreviated accounts have been properly prepared from those financial statements. The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the full financial statements.

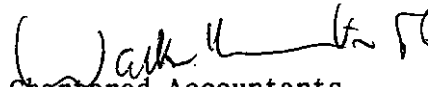
OPINION

In our opinion the company is entitled under sections 246 and 247 of the Companies Act 1985 to the exemptions conferred by Section A of Part III of Schedule 8 to that Act, in respect of the year ended 31st December 1996, and the abbreviated accounts on pages 3 to 5 have been properly prepared in accordance with that Schedule.

OTHER INFORMATION

On 22nd October.....19.97 we reported, as auditors of the company, to the shareholders on the financial statements prepared under Section 226 of the Companies Act 1985 for the year ended 31st December 1996, and the full text of our audit report is reproduced on page 2 of these financial statements.

24 Bridge Street,
Newport,
Gwent.
NP9 4SF


Chartered Accountants
& Registered Auditors

22nd October.....19.97

PAUL FAIRWEATHER & CO. GROUP LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS

YEAR ENDED 31ST DECEMBER 1996

We have audited the financial statements on pages 4 to 8 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

As described on page 1, the company's directors are responsible for the preparation of the 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

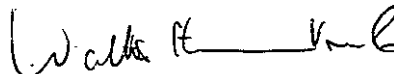
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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 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 company's state of affairs as at 31st December 1996 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.

24 Bridge Street,
Newport,
Gwent.
NP9 4SF


Chartered Accountants
& Registered Auditors

22nd October.....1997.

PAUL FAIRWEATHER & CO. GROUP LIMITED

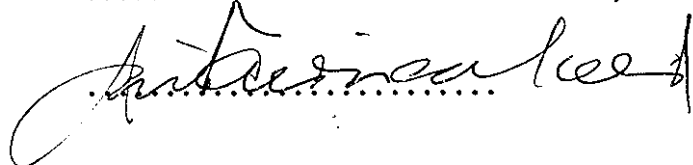
ABBREVIATED BALANCE SHEET

31ST DECEMBER 1996

| | Note | 1996 | | 1995 | |
|---|------|------------------|----------------|------------------|----------------|
| | | £ | £ | £ | £ |
| FIXED ASSETS | 2 | | | | |
| Tangible assets | | | 7,717 | | 10,290 |
| Investments | | | 322,460 | | 322,460 |
| | | | <u>330,177</u> | | <u>332,750</u> |
| CURRENT ASSETS | | | | | |
| Debtors | | 427,357 | | 420,563 | |
| Cash at bank and in hand | | 960 | | - | |
| | | <u>428,317</u> | | <u>420,563</u> | |
| CREDITORS: Amounts falling due within one year | | <u>(459,621)</u> | | <u>(456,676)</u> | |
| NET CURRENT LIABILITIES | | | (31,304) | | (36,113) |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | <u>298,873</u> | | <u>296,637</u> |
| CAPITAL AND RESERVES | | | | | |
| Called-up share capital | 3 | | 2,322 | | 2,322 |
| Share premium account | | | 163,680 | | 163,680 |
| Profit and loss account | | | 132,871 | | 130,635 |
| SHAREHOLDERS' FUNDS | | | <u>298,873</u> | | <u>296,637</u> |

The directors have taken advantage of the abbreviated disclosure exemptions conferred by section A of Part III of Schedule 8 to the Companies Act 1985 on the basis that the company qualifies as a small company. In preparing the annual accounts, the directors have taken advantage of the special accounting exemptions conferred by Part I of Schedule 8 to the Companies Act 1985 on the basis that, in the opinion of the directors, the company qualifies as a small company.

These financial statements were approved by the directors on the 21st October.....1997., and are signed on their behalf by:



The notes on pages 4 to 5 form part of these financial statements.

PAUL FAIRWEATHER & CO. GROUP LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 1996

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 from including a cash flow statement in the financial statements on the grounds that the company is small.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Motor vehicles - 25% on written down value

2. FIXED ASSETS

| | Tangible Fixed Assets £ | Investments £ | Total £ |
|------------------------|----------------------------------|------------------|----------------|
| COST | | | |
| At 1st January 1996 | | | |
| and 31st December 1996 | <u>22,619</u> | <u>322,460</u> | <u>345,079</u> |
| DEPRECIATION | | | |
| At 1st January 1996 | 12,329 | - | 12,329 |
| Charge for year | <u>2,573</u> | <u>-</u> | <u>2,573</u> |
| At 31st December 1996 | <u>14,902</u> | <u>-</u> | <u>14,902</u> |
| NET BOOK VALUE | | | |
| At 31st December 1996 | <u>7,717</u> | <u>322,460</u> | <u>330,177</u> |
| At 31st December 1995 | <u>10,290</u> | <u>322,460</u> | <u>332,750</u> |

PAUL FAIRWEATHER & CO. GROUP LIMITED
 NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
 YEAR ENDED 31ST DECEMBER 1996

3. SHARE CAPITAL

Authorised share capital:

| | 1996 £ | 1995 £ |
|--|---------------|---------------|
| 12,320 Ordinary shares shares of £1 each | <u>12,320</u> | <u>12,320</u> |

Allotted, called up and fully paid:

| | 1996 £ | 1995 £ |
|------------------------|--------------|--------------|
| Ordinary share capital | <u>2,322</u> | <u>2,322</u> |