

NP MANDER HOLDINGS LIMITED

**DIRECTORS' REPORT AND
CONSOLIDATED
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
31 AUGUST 1998**



NP MANDER HOLDINGS LIMITED

Company Information

Directors	Mr JP Mander Mr R Hudson
Secretary	Mr MS Mian
Company Number	1888870 (England and Wales)
Registered Office	St Peter's Organ Works St Peter's Square London E2 7AF
Auditors	Robert Clow & Co Chartered Accountants and Registered Auditors 40 High Street Northwood Middlesex HA6 1BN
Bankers	Barclays Bank PLC Soho Square Business Centre 27 Soho Square London W1A 4WA

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DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 1998

The directors present their report and the financial statements for the year ended 31 August 1998.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and group and of the profit or loss of the company and group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and group to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activities and review of business

The group's principal activity during the period was the building of organs and ancillary services.

Directors

The directors who served during the year and their beneficial interests in the company's issued share capital were :

	<u>Ordinary shares of £0.01 each</u>	
	<u>1998</u>	<u>1997</u>
Mr JP Mander	4,320	4,320
Mr R Hudson	-	-

Throughout the year Mr JP Mander and Mr R Hudson were joint trustees of the remaining 5,400 issued shares of the company.

Auditors

The auditors, Robert Clow & Co, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

The report of the directors has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

This report was approved by the board on 12 February 1999 and signed on its behalf.



Mr MS Mian
Secretary

AUDITORS' REPORT TO THE SHAREHOLDERS OF NP MANDER HOLDINGS LIMITED

We have audited the financial statements on pages 3 to 12 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 group'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 affairs of the company and of the group as at 31 August 1998 and of the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



ROBERT CLOW & CO

Chartered Accountants and Registered Auditors
40 High Street
Northwood
Middlesex
HA6 1BN

12 February 1999

CONSOLIDATED PROFIT AND LOSS ACCOUNT
For the year ended 31 August 1998

	Note	1998 £	1997 £
TURNOVER	1,2	817,454	896,333
Cost of sales		<u>(455,301)</u>	<u>(563,496)</u>
GROSS PROFIT		362,153	332,837
Administrative expenses		<u>(362,920)</u>	<u>(349,860)</u>
Other operating income		<u>3,757</u>	<u>1,200</u>
OPERATING PROFIT/(LOSS)	3	2,990	(15,823)
Interest receivable		284	-
Interest payable		<u>(6,811)</u>	<u>(2,553)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(3,537)	(18,376)
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	4	-	1,257
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION	5	(3,537)	(17,119)
LOSS FOR THE YEAR		(3,537)	(17,119)
RETAINED PROFIT BROUGHT FORWARD		363,569	380,688
RETAINED PROFIT CARRIED FORWARD		<u>£ 360,032</u>	<u>£ 363,569</u>

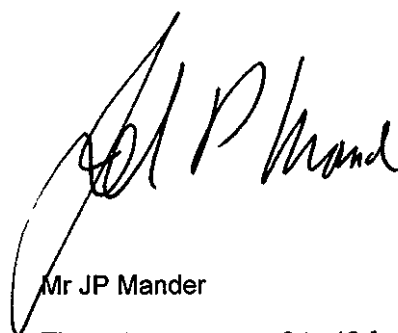
The notes on pages 6 to 12 form part of these financial statements.

CONSOLIDATED BALANCE SHEET
As at 31 August 1998

	Note	£	1998 £	£	1997 £
FIXED ASSETS					
Tangible fixed assets	6		486,136		493,435
CURRENT ASSETS					
Stocks		124,204		134,946	
Debtors		140,784		129,281	
Cash at bank and in hand		1,452		9,367	
		<u>266,440</u>		<u>273,594</u>	
CREDITORS: amounts falling due within one year	9	<u>(170,618)</u>		<u>(173,239)</u>	
NET CURRENT ASSETS			<u>95,822</u>		<u>100,355</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>581,958</u>		<u>593,790</u>
CREDITORS: amounts falling due after more than one year	10		-		(23,656)
PROVISIONS FOR LIABILITIES AND CHARGES	11		<u>(15,361)</u>		<u>-</u>
NET ASSETS			<u>£ 566,597</u>		<u>£ 570,134</u>
CAPITAL AND RESERVES					
Called up share capital	12		97		97
Revaluation reserve			206,468		206,468
Profit and loss account			360,032		363,569
SHAREHOLDERS' FUNDS - All equity			<u>£ 566,597</u>		<u>£ 570,134</u>

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities.

The financial statements were approved by the board on 12 February 1999 and signed on its behalf



Mr JP Mander

Director

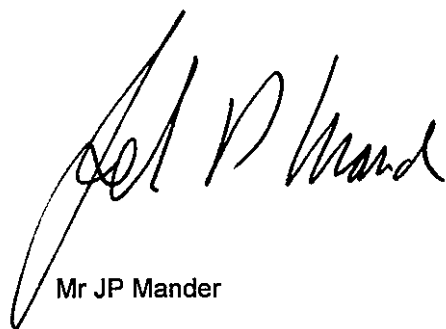
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COMPANY BALANCE SHEET
As at 31 August 1998

	Note	£	1998 £	£	1997 £
FIXED ASSETS					
Tangible fixed assets	6		400,488		400,651
Investments	7		97		97
CURRENT ASSETS					
Debtors		14,765		21,568	
Cash at bank and in hand		452		7,462	
		<u>15,217</u>		<u>29,030</u>	
CREDITORS: amounts falling due within one year	9	(14)		(8,873)	
NET CURRENT ASSETS			<u>15,203</u>		<u>20,157</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>415,788</u>		<u>420,905</u>
CREDITORS: amounts falling due after more than one year	10		-		(23,656)
NET ASSETS			<u>£ 415,788</u>		<u>£ 397,249</u>
CAPITAL AND RESERVES					
Called up share capital	12		97		97
Revaluation reserve			206,468		206,468
Profit and loss account			209,223		190,684
SHAREHOLDERS' FUNDS - all equity			<u>£ 415,788</u>		<u>£ 397,249</u>

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities.

The financial statements were approved by the board on 12 February 1999 and signed on its behalf



Mr JP Mander

Director

The notes on pages 6 to 12 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 1998

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom.

1.1 Basis of accounting

The financial statements have been prepared under the historical cost convention as modified by the revaluation of investment properties and include the results of the company's operations which are described in the Directors' Report and all of which are continuing.

1.2 Basis of consolidation

The group financial statements consolidate the financial statements of NP Mander Holdings Limited and its subsidiary undertaking drawn up to the 31 August 1998. Intra-group transactions are eliminated on consolidation and all figures relate to external transactions only.

1.3 Turnover

Turnover comprises the invoiced value of goods and services supplied by the group, exclusive of Value Added Tax.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. The revaluation of investment properties to open market value is a departure from the Companies Act 1985, but is necessary to give a true and fair view.

Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold buildings	-	NIL%	
Leasehold buildings	-	4%	straight line on revaluations
Plant & machinery	-	25%	reducing balance

1.5 Goodwill

Goodwill arising on consolidation is written off to reserves on acquisition.

1.6 Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

Where work in progress arises from a long-term contract which has not been completed at the balance sheet date, a proportion of turnover and costs relating to that contract are recognised in the year in which the work is done by accruing for income and not providing for work in progress. The stage of production is determined by the proportion of costs incurred by the year end.

Foreseeable losses on long-term contracts are provided for in the accounting period in which they are foreseen.

1.7 Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 1998

1.8 Deferred taxation

Provision is made for taxation deferred as a result of material timing differences between the incidence of income and expenditure for taxation and accounts purposes, using the liability method, only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the near future.

2. TURNOVER

52.26% of the group's turnover (1997 - 66.58%) is attributable to geographical markets outside the United Kingdom.

3. OPERATING PROFIT/(LOSS)

The operating profit/(loss) is stated after charging:

	1998 £	1997 £
Depreciation of tangible fixed assets - owned by the company	16,458	19,349
Audit fees	3,850	3,846
	<u> </u>	<u> </u>
No director received any emoluments (1997 - £Nil)		

4. TAXATION

	1998 £	1997 £
Current year taxation		
UK Corporation Tax at 21% (1997 - 21%)	£ -	£ (1,257)
	<u> </u>	<u> </u>

If provision had been made for deferred taxation on the basis of the full potential liability, the taxation charge would have been increased by £43,358 (1997 - £43,358) as follows:

Other timing differences	£ 43,358	£ 43,358
	<u> </u>	<u> </u>

5. LOSS FOR THE FINANCIAL YEAR

As permitted by Section 230 of the Companies Act 1985, the profit and loss of the company is not presented as part of these financial statements.

The consolidated loss for the financial year of £(3,537) (1997 - £(17,119)) includes £18,539 (1997 - £(1,305)) which is dealt with in the financial statements of the company.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 1998

6. TANGIBLE FIXED ASSETS

<u>Group</u>	Land & Buildings £	Plant & Machinery £	Total £
Cost or valuation			
At 1 September 1997	489,101	278,717	767,818
Additions	-	9,159	9,159
At 31 August 1998	489,101	287,876	776,977
Depreciation			
At 1 September 1997	38,080	236,303	274,383
Charge for year	3,564	12,894	16,458
At 31 August 1998	41,644	249,197	290,841
Net Book Value			
At 31 August 1998	£ 447,457	£ 38,679	£ 486,136
At 31 August 1997	£ 451,021	£ 42,414	£ 493,435

At 31 August 1998, £250,000 and £197,457 included within the net book value of land and buildings relates to freehold and leasehold land and buildings respectively.

Included within leasehold land and buildings £150,000 and £47,457 relates to long and short term leasehold property, respectively.

The group's properties have been revalued by Mr JP Mander, director, to open market value.

On the historical cost basis, land and buildings would have been included as follows:

	1998 £	1997 £
Cost	282,633	282,633
Cumulative depreciation	(41,644)	(38,080)
Net book amount	£ 240,989	£ 244,553

<u>Company</u>	Land & Buildings £	Plant & Machinery £	Total £
Cost or valuation			
At 1 September 1997	400,000	2,059	402,059
At 31 August 1998	400,000	2,059	402,059
Depreciation			
At 1 September 1997	-	1,408	1,408
Charge for year	-	163	163
At 31 August 1998	-	1,571	1,571
Net Book Value			
At 31 August 1998	£ 400,000	£ 488	£ 400,488
At 31 August 1997	£ 400,000	£ 651	£ 400,651

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 1998

At 31 August 1998, £250,000 and £150,000 included within the net book value of land and buildings relates to freehold and long term leasehold land and buildings respectively.

The group's properties have been revalued by Mr JP Mander, director, to open market value.

On the historical cost basis, land and buildings would have been included as follows:

	1998 £	1997 £
Cost	193,532	193,532
Cumulative depreciation	-	-
Net book amount	<u>£ 193,532</u>	<u>£ 193,532</u>

7. FIXED ASSET INVESTMENTS
Company

	Shares in group undertakings £
Cost	
At 1 September 1997	<u>97</u>
At 31 August 1998	<u>97</u>
Net Book Value	
At 31 August 1998	<u>£ 97</u>
<i>At 31 August 1997</i>	<u>£ 97</u>

Investments include an investment in a subsidiary, NP Mander Limited Limited, comprising a holding of 100% of its issued ordinary capital.

During its latest financial year NP Mander Limited Limited made a loss of £22,077 (1997 - £15,814 loss) and at the end of that year the aggregate of its capital and reserves was £150,905 (1997 - £172,982).

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 1998

8. DEBTORS

<u>Group</u>	1998 £	1997 £
Due within one year		
Trade debtors	47,269	98,294
Other debtors	93,515	30,987
	<u>£ 140,784</u>	<u>£ 129,281</u>

<u>Company</u>	1998 £	1997 £
Due within one year		
Amounts owed by group undertakings	13,456	-
Other debtors	1,309	1,720
	<u>£ 14,765</u>	<u>£ 1,720</u>

9. CREDITORS:

Amounts falling due within one year	1998	1997
<u>Group</u>	£	£
Bank loans and overdrafts	24,831	64,867
Payments received on account	22,529	-
Trade creditors	45,282	25,191
Social security and other taxes	27,531	16,892
Other creditors	50,445	66,289
	<u>£ 170,618</u>	<u>£ 173,239</u>
<u>Company</u>	1998 £	1997 £
Bank loans and overdrafts	-	7,278
Other creditors	14	1,595
	<u>£ 14</u>	<u>£ 8,873</u>

The overdraft of NP Mander Limited is secured by a guarantee for £100,000 given by NP Mander Holdings Limited and a charge on property valued by the director at £60,000 owned by NP Mander Holdings Limited.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 1998

10. CREDITORS:

Amounts falling due after more than one year

	1998	1997
<u>Group</u>	£	£
Bank loans and overdrafts	-	23,656
	<u>£ -</u>	<u>£ 23,656</u>

Group

Included within the above are amounts falling due as follows:

In 1 - 2 years:

Loan instalments	-	23,656
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Company

Bank loans and overdrafts

	1998	1997
	£	£
Bank loans and overdrafts	-	23,656
	<u>£ -</u>	<u>£ 23,656</u>

Company

Included within the above are amounts falling due as follows:

In 1 - 2 years:

Loan instalments	-	23,656
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11. PROVISIONS FOR LIABILITIES AND CHARGESGroup*Other Provisions*

Provision for future losses on long-term contracts

	1998	1997
	£	£
Provision for future losses on long-term contracts	<u>£ 15,361</u>	<u>£ -</u>

12. CALLED UP SHARE CAPITAL**Authorised**

10,000 ordinary shares of £0.01 each

	1998	1997
	£	£
10,000 ordinary shares of £0.01 each	<u>£ 100</u>	<u>£ 100</u>

Allotted, called up and fully paid

9,720 ordinary shares of £0.01 each

	1998	1997
	£	£
9,720 ordinary shares of £0.01 each	<u>£ 97</u>	<u>£ 97</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 1998

13 CHANGES IN ACCOUNTING POLICY AND PRIOR YEAR ADJUSTMENTS

The group's profit and loss account format and its accounting policies regarding investment properties and long-term contracts have been changed, as in the opinion of the director the new format and policies better reflect the state and activity of the group.

Properties were previously stated in the balance sheet at cost.

The accounting policy has been changed to that of revaluing properties held for their investment potential, with the excess of valuations over costs being taken to a revaluation reserve. There is no change in the depreciation policy regarding these assets.

The comparative figures in the accounts have been restated so that the prior year figures for 1997 are prepared on the same basis as 1998. All of the revaluation excess has been taken to reserves and therefore there has been no recognition in the profit and loss account. The 1997 group accounts figure for land and buildings cost has been restated to £489,101 from £285,231, land and buildings net book value has been restated to £447,457 from £244,553, and the figure for the revaluation reserve has been restated to £206,469 from nil, thereby increasing total net assets by £206,469. The 1997 company accounts figure for land and buildings cost and net book value has been restated to £400,000 from £193,532, and the figure for the revaluation reserve has been restated to £206,469 from nil, thereby increasing total net assets by £206,469.

Any costs incurred plus attributable overheads on contracts not completed by the balance sheet date were previously included in stocks and work in progress. Any progress payments received in respect of these costs were set off against work in progress, with any excess of amounts received over costs carried forward as a liability.

The accounting policy has been changed to that of recognising turnover and related costs in the profit and loss account of the year in which they occur by accruing for income and not making provision for work in progress on long-term contracts which span two or more accounting periods. Amounts received as progress payments are set off against the balance sheet accrual. The profit or loss for the contract is thus recognised in the accounting period in which the work took place instead of the period in which the contract was invoiced. Where losses are foreseen, these are provided for in full in the period in which they are foreseen.

The comparative figures in the accounts have been restated so that the prior year figures for 1997 are prepared on the same basis as 1998. All contracts considered for prior year adjustments have been treated as having no foreseeable profit or loss, and therefore there has been no adjustment to the loss for the year. The 1997 group accounts figure for turnover has been restated to £817,611 from £1,787,896, cost of sales has been restated to £563,496 from £524,055, stock and work in progress has been restated to £134,946 from £146,163, and other debtors have been restated to £30,987 from £23,773. There was no effect on the 1997 accounts figures as a result of this change in accounting policy.

14. CONTROLLING PARTY

The group is controlled by Mr JP Mander by virtue of his interest in the issued share capital of the company.