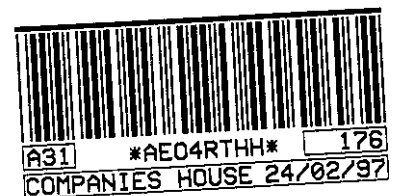


ACORN STORAGE EQUIPMENT LIMITED

Report And Financial Statements

For The Year Ended 31 August 1996



Morgan Berkeley
Certified Accountants
1 Hazelwood Drive
Pinner
Middlesex
HA5 3TU

ACORN STORAGE EQUIPMENT LIMITED

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ACORN STORAGE EQUIPMENT LIMITED

Company Information

Company Number: 2081324

Directors: A P Watts
Mrs P Watts

Company Secretary: Mrs P Watts

Registered Office
and Business Address: Longend Lane
Marden
Nr Tonbridge
Kent
TN12 9SE

Bankers: Barclays Bank Plc
Dartford Business Centre
24 Lowfield Centre
Dartford
DA1 1HD

Auditors: Morgan Berkeley
Certified Accountants
1 Hazelwood Drive
Pinner
Middlesex
HA5 3TU

ACORN STORAGE EQUIPMENT LIMITED

Directors' Report For The Year Ended 31 August 1996

The Directors submit their Report and Financial Statements for the year ended 31 August 1996.

Principal Activity

The Company's principal activity during the year continued unchanged as that of storage equipment dealers.

Fixed Assets

The movements in tangible assets are summarised in Note 6 to the Financial Statements.

Directors

The Directors who served during the year and their interests in the share capital of the Company were as follows:-

	<u>Ordinary Shares of £1 each</u>	
	<u>31 August 1996</u>	<u>31 August 1995</u>
A P Watts	8,415	8,415
Mrs P Watts	8,085	8,085

Taxation Status

The Company is a close company as defined under S414 of the Income And Corporation Taxes Act 1988.

ACORN STORAGE EQUIPMENT LIMITED

Directors' Report For The Year Ended 31 August 1996 (Continued)

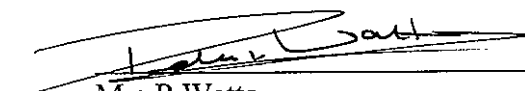
Auditors

Pursuant to a written resolution of the members dated 24 November 1993 the Company has dispensed with the holding of Annual General Meetings, the requirement to lay accounts at such meetings and the obligations to appoint auditors annually. Messrs Morgan Berkeley, Certified Accountants are deemed to be reappointed in accordance with Section 386 of the Companies Act 1985.

Small Company Exemptions

Advantage has been taken, in the preparation of this Report, of Special Exemptions applicable to Small Companies.

On Behalf Of The Board


Mrs P Watts
Director

Date: 18th Feb 1997

ACORN STORAGE EQUIPMENT LIMITED

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 of the Profit or Loss of the Company 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors' Report To The Shareholders Of
Acorn Storage Equipment Limited

We have audited the Financial Statements on pages 6 to 13 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective Responsibilities Of Directors And Auditors

As described on page 4, 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

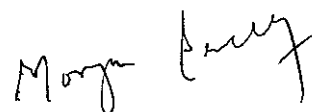
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Financial Statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the Financial Statements, and of whether the accounting policies are appropriate to the 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 mis-statement, 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 August 1996 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

1 Hazelwood Drive
Pinner
Middlesex
HA5 3TU



Morgan Berkeley
Certified Accountants And
Registered Auditors

Date: 19 February 1997

ACORN STORAGE EQUIPMENT LIMITED

Profit And Loss Account For The Year Ended 31 August 1996

	<u>Notes</u>	<u>1996</u> £	<u>1995</u> £
Turnover	2	1,108,280	822,161
Cost Of Sales		(718,162)	(574,492)
Gross Profit		390,118	247,669
Administrative Expenses		(348,706)	(247,120)
Other Operating Income		5,167	18,600
Operating Profit	3	46,579	19,149
Interest Receivable		1	34
Interest Payable And Similar Charges		(7,357)	(4,979)
Profit On Ordinary Activities Before Taxation		39,223	14,204
Taxation	5	(10,304)	(7,384)
Profit On Ordinary Activities After Taxation		28,919	6,820
Dividends In Respect Of Equity Shares		(20,000)	-
Retained Profit For The Year	13	8,919	6,820
Balance Brought Forward		22,082	15,262
Balance Profit Carried Forward		31,001	22,082

All recognised gains and losses are included in the Profit and Loss Account. The historical cost Profit for the year is equivalent to the Retained Profit for the year.

None of the Company's activities were acquired or discontinued during the above two financial years.

The Notes On Pages 8 To 13 Form Part Of These Financial Statements

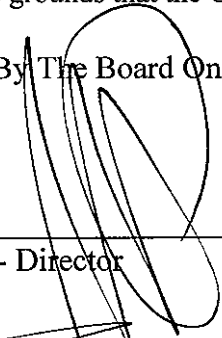
ACORN STORAGE EQUIPMENT LIMITED

Balance Sheet As At 31 August 1996

	<u>Notes</u>	<u>1996</u> £	<u>1996</u> £	<u>1995</u> £	<u>1995</u> £
Fixed Assets					
Tangible Assets	6		129,126		124,864
Current Assets					
Stock	7	147,607		113,586	
Debtors	8	116,572		92,233	
Cash At Bank And In Hand		<u>171</u>		<u>969</u>	
		264,350		206,788	
Creditors: Amounts Falling Due Within One Year	9	(302,370)		(252,595)	
Net Current Liabilities			(38,020)		(45,807)
Total Assets Less Current Liabilities			91,106		79,057
Creditors: Amounts falling Due After More Than One Year	10		(43,605)		(40,475)
			<u>47,501</u>		<u>38,582</u>
Capital And Reserves					
Called-up Share Capital	12		16,500		16,500
Profit And Loss Account			<u>31,001</u>		<u>22,082</u>
Shareholders' Funds	13		<u>47,501</u>		<u>38,582</u>

The Directors have taken advantage of the exemptions conferred by Part I of Schedule 8 to the Companies Act 1985, on the grounds that the Company is entitled to the benefit of those exemptions as a small company.

Approved By The Board On 18th Feb 1997 And Signed On Its Behalf:-


A P Watts - Director


Mrs P Watts - Director

The Notes On Pages 8 To 13 Form Part Of These Financial Statements

ACORN STORAGE EQUIPMENT LIMITED

Notes To The Financial Statements For The Year Ended 31 August 1996

1. Accounting Policies

(a) Basis of Preparation of Financial Statements

The Financial Statements have been prepared in accordance with the Companies Act 1985 and with applicable Accounting Standards on the historical cost basis.

(b) Depreciation

Depreciation is provided on all tangible fixed assets, at rates calculated to write-off the cost, less estimated residual value, of each asset over its expected useful life as follows:-

Leasehold Improvements	- Over The Unexpired Term Of The Lease
Plant And Machinery	- 25% p a reducing balance.
Fixtures, Fittings, Tools And Equipment	- 20% p a reducing balance.
Motor Vehicles	- 25% p a reducing balance.

(c) Stock And Work In Progress

Stock and Work In Progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

(d) Leasing And Hire Purchase Commitments

Assets obtained under hire purchase contracts and finance leases are capitalised in the balance sheet and are depreciated over their useful lives. The interest element of the finance obligation is charged to the Profit And Loss Account, evenly over the period of the lease or hire purchase contract.

Rentals paid under operating leases are dealt with in the Profit And Loss Account as incurred.

(e) Pensions

The Company operates defined Contribution Pension Schemes. The assets of the Schemes are held separately from those of the Company in an independently administered fund. Contributions are charged to the Profit and Loss Account as they become payable in accordance with the rules of the Schemes.

ACORN STORAGE EQUIPMENT LIMITED

Notes To The Financial Statements For The Year Ended 31 August 1996 (Continued)

2. Turnover

Turnover represents the invoiced value of goods sold and services provided (stated net of value added tax) during the year. The turnover and pre-tax profit is attributable to the Company's principal activity and is generated solely in the United Kingdom. All turnover results from continuing operations.

3. Operating Profit

	<u>1996</u>	<u>1995</u>
	£	£
This Is Stated After Charging/(Crediting):		
Operating Lease Rentals - Plant And Machinery	5,631	9,231
- Land And Building	31,200	31,200
Depreciation - Owned Assets	5,924	3,404
- Held Under Hire Purchase Contracts	7,713	3,683
Amortisation Of Leasehold	9,300	15,856
Directors' Emoluments (Note 4)	19,483	25,534
Auditors' Remuneration	3,000	3,000
Loss On Disposal Of Fixed Assets	-	125
Management Fees	(2,167)	(13,000)
Insurance Claim	(3,000)	(5,600)
	=====	=====

4. Directors' Emoluments

	<u>1996</u>	<u>1995</u>
	£	£
Fees For Services As Directors	12,000	18,914
Pension Contribution	<u>7,483</u>	<u>6,620</u>
	19,483	25,534
	=====	=====

5. Taxation

	<u>1996</u>	<u>1995</u>
	£	£
Corporation Tax Based On The Adjusted Results		
For The Year	13,500	7,384
Over Provision For Previous Year	<u>(3,196)</u>	-----
	10,304	7,384
	=====	=====

ACORN STORAGE EQUIPMENT LIMITED

Notes To The Financial Statements For The Year Ended 31 August 1996 (Continued)

6. Tangible Assets

	<u>Leasehold Improvements</u>	<u>Plant And Machinery</u>	<u>Fixtures Fittings, Tools & Equipment</u>	<u>Motor Vehicles</u>	<u>Total</u>
	£	£	£	£	£
<u>Cost</u>					
At 1 September 1995	107,433	5,643	24,448	34,309	171,833
Additions	-	-	2,259	24,940	27,199
At 31 August 1996	107,433	5,643	26,707	59,249	199,032
<u>Depreciation</u>					
At 1 September 1995	21,572	3,140	16,089	6,168	46,969
Charge For The Year	9,300	1,414	3,446	8,777	22,937
At 31 August 1996	30,872	4,554	19,535	14,945	69,906
<u>Net Book Value</u>					
At 31 August 1996	76,561	1,089	7,172	44,304	129,126
At 31 August 1995	85,861	2,503	8,359	28,141	124,864

The net book value of Motor Vehicles includes £40,578 (1995: £27,152) in respect of assets held under finance leases. The accumulated depreciation on these assets amount to £11,262 (1995: £3,548).

7. Stock

	<u>1996</u>	<u>1995</u>
	£	£
Goods For Resale	92,252	77,294
Work In Progress	55,355	36,292
	147,607	113,586

ACORN STORAGE EQUIPMENT LIMITED

Notes To The Financial Statements For The Year Ended 31 August 1996 (Continued)

8. Debtors

	<u>1996</u>	<u>1995</u>
	<u>£</u>	<u>£</u>
Trade Debtors	106,445	71,613
Other Debtors	-	8,458
Prepayments And Accrued Income	<u>10,127</u>	<u>12,162</u>
	116,572	92,233
	=====	=====

9. Creditors: Amounts Falling Due Within One Year

	<u>1996</u>	<u>1995</u>
	<u>£</u>	<u>£</u>
Bank Overdraft	17,154	30,132
Obligations Under Finance Leases And Hire Purchase Contracts (Note 11)	14,811	8,463
Trade Creditors	116,006	66,745
Other Taxes And Social Security Costs	12,630	20,983
Corporation Tax	8,500	7,384
ACT Payable	5,000	-
Directors' Loan Account (Note 14)	74,146	56,946
Accruals	<u>54,123</u>	<u>61,942</u>
	302,370	252,595
	=====	=====

The bank overdraft is secured by a debenture charge over the Company's leasehold property.

10. Creditors: Amounts Falling Due After More Than One Year

	<u>1996</u>	<u>1995</u>
	<u>£</u>	<u>£</u>
Obligations Under Finance Leases And Hire Purchase Contracts (Note 11)	21,155	18,025
Other Creditors	<u>22,450</u>	<u>22,450</u>
	43,605	40,475
	=====	=====

ACORN STORAGE EQUIPMENT LIMITED

Notes To The Financial Statements For The Year Ended 31 August 1996 (Continued)

11. Obligations Under Leases And Hire Purchase Contracts

	<u>1996</u> £	<u>1995</u> £
Minimum Lease Payments And Hire Purchase Instalments Due:		
Within One Year	17,252	10,020
Two To Five Years	<u>24,768</u>	<u>21,407</u>
Gross Obligations	42,020	31,427
Less: Finance Charges Allocated To Future Periods	<u>(6,054)</u>	<u>(4,939)</u>
Net Obligations	<u>35,966</u>	<u>26,488</u>
Finance Leases And Hire Purchase Contracts Are Shown As:		
Current Obligations (Note 9)	14,811	8,463
Non-Current Obligations (Note 10)	<u>21,155</u>	<u>18,025</u>
	<u>35,966</u>	<u>26,488</u>
Commitments Under Non-Cancellable Operating Leases Are Shown As:		
	<u>1996</u> £	<u>1995</u> £
Operating Leases Which Expire:		
<u>Land And Buildings</u>		
Between Two And Five Years	<u>31,200</u>	<u>31,200</u>

12. Share Capital

	<u>1996</u> £	<u>1995</u> £
Authorised:		
50,000 Ordinary Shares Of £1 Each	<u>50,000</u>	<u>50,000</u>
Called-Up Issued And Fully Paid		
16,500 Shares of £1 Each	<u>16,500</u>	<u>16,500</u>

ACORN STORAGE EQUIPMENT LIMITED

Notes To The Financial Statements For The Year Ended 31 August 1996 (Continued)

13. Reconciliation Of Movements In Shareholders' Funds

	<u>1996</u>	<u>1995</u>
	<u>£</u>	<u>£</u>
Profit For The Financial Year	28,919	6,820
Dividends	(20,000)	-
Net Addition To Shareholders' Funds	8,919	6,820
Opening Shareholders' Funds	<u>38,582</u>	<u>31,762</u>
Closing Shareholders' Funds	<u>47,501</u>	<u>38,582</u>

14. Transactions With Directors

During the year the Company paid rent of £31,200 (1995:£31,200) to the Directors, for the business use of properties owned personally by them.

The Directors had a Current Account balance with the Company as follows:-

	<u>Amount Outstanding At</u>		<u>Maximum Amount</u> <u>Outstanding During</u>	
	<u>31/8/96</u>	<u>31/8/95</u>	<u>31/8/96</u>	<u>31/8/95</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Mr and Mrs A P Watts	74,146	56,946	74,146	56,946
	credit	credit		
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>