HOWARD EATON LIGHTING LIMITED
(Registered Number: 2278607)

FINANCIAL STATEMENTS

31ST MARCH 1997

MOORES ROWLAND
Chartered Accountants
Clifford's Inn
Fetter Lane
LONDON EC4A 1AS

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COMPANIES HOUSE 29/08/98

HOWARD EATON LIGHTING LIMITED
(Registered Number: 2278607)

FINANCIAL STATEMENTS

31ST MARCH 1997

HOWARD EATON LIGHTING LIMITED

REPORT OF THE DIRECTORS

The Directors have pleasure in submitting their report and the financial statements of the company for the year to 31st March 1997.

1. ACTIVITIES
The principal activities of the company are the provision of theatrical lighting design and installation services.

2. REVIEW OF THE BUSINESS AND RESULTS

A modest profit was made during 1997 as the company cut costs as a result of a slow down in trade.

The directors expect the results for the following year to show a modest profit.

The profit for the year after tax amounted to £21,439 which has been deducted from the loss brought forward.

The company directors are unable to recommended the payment of a dividend.

3. FUTURE DEVELOPMENTS
The company intends to expand its activities and further restructure its operations in the coming year.

4. DIRECTORS
The directors during the period and their interests in the shares of the company were:

| | Ordinary Shares of £1 each | |
|---|---|---|
| | 01.04.97 | 31.03.97 |
| H. Eaton | 99 | 99 |
| A. Jacobi | - | - |
| S.M. Huffington | - | - |
| L.E. Eaton | 1 | 1 |

5. AUDITORS
A resolution will be proposed at the Annual General Meeting that Moores Rowland be re-appointed as auditors to the company for the ensuing year.

Approved by the Board and signed on its behalf

H. EATON - Director

24/8/98

HOWARD EATON LIGHTING LIMITED

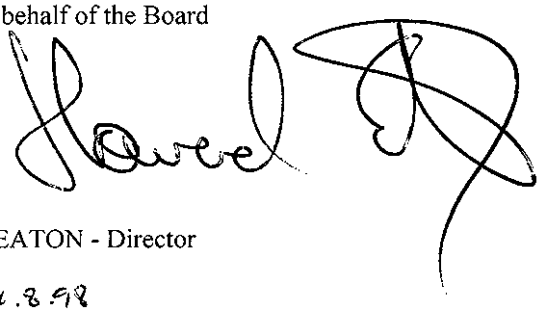
DIRECTORS' RESPONSIBILITIES
in respect of the preparation of financial statements

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 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; and
- 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.

On behalf of the Board



H. EATON - Director

24.8.98

AUDITORS' REPORT TO THE MEMBERS OF

HOWARD EATON LIGHTING LIMITED

We have audited the financial statements on pages 4 to 10.

Respective responsibilities of directors and auditors

As described on page 2 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 misstatements 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 31st March 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Moores

MOORES ROWLAND
Chartered Accountants and
Registered Auditors
London

24.8.98

HOWARD EATON LIGHTING LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MARCH 1997

| | NOTE | 1997 £ | 1996 £ |
|---|---|---|---|
| Turnover | 1(b) | 796,990 | 961,395 |
| Cost of sales | | (605,188) | (866,426) |
| Gross profit | | 191,802 | 94,969 |
| Distribution costs | | (12,376) | (10,792) |
| Administrative expenses | | (142,841) | (181,182) |
| Operating profit/(loss) | 2 | 36,585 | (97,005) |
| Interest payable and similar charges | 4 | (11,064) | (12,447) |
| Interest receivable and similar income | 3 | 441 | - |
| Profit/(Loss) on ordinary activities before taxation | | 25,962 | (109,452) |
| Tax on profit/(loss) on ordinary activities | 6 | (4,523) | 13,786 |
| Profit/(Loss) on ordinary activities for the financial year | | 21,439 | (95,666) |
| (Loss)/Profit brought forward | | (74,820) | 20,846 |
| Loss carried forward | | (53,381) | (74,820) |

All disclosures relate to continuing operations.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

All recognised gains and losses are included in the profit and loss account.

HOWARD EATON LIGHTING LIMITED

BALANCE SHEET

31ST MARCH 1997

| | NOTE | 1997 £ | 1997 £ | 1996 £ |
|---|---|---|---|---|
| FIXED ASSETS | | | | |
| Tangible assets | 7 | | 18,537 | 20,343 |
| | | | 18,537 | 20,343 |
| CURRENT ASSETS | | | | |
| Stocks | 8 | 60,989 | | 73,497 |
| Debtors | 9 | 134,610 | | 113,399 |
| Cash at bank and in hand | | 258 | | 190 |
| | | 195,857 | | 187,086 |
| CREDITORS: Amounts falling due within one year | 10 | (263,409) | | (282,149) |
| NET CURRENT LIABILITIES | | | (67,552) | (95,063) |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | (49,015) | (74,720) |
| CREDITORS: Amounts falling due after more than one year | 11 | | (4,266) | - |
| | | | (53,281) | (74,720) |
| CAPITAL AND RESERVES | | | | |
| Called up share capital | 12 | | 100 | 100 |
| Profit and loss account | | | (53,381) | (74,820) |
| EQUITY SHAREHOLDERS' FUNDS | | | (53,281) | (74,720) |

Approved by the Board on 24/8/97 and signed on its behalf

H. EATON - Director

HOWARD EATON LIGHTING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31ST MARCH 1997

1. ACCOUNTING POLICIES

(a) Basis of Accounting

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

(b) Turnover

Turnover represents amounts invoiced excluding V.A.T.

(c) Work-in-Progress

Work in progress is stated at the lower of cost and net realisable value.

(d) Depreciation

Fixed assets are written off evenly over their estimated useful lives at the following annual rates:

| | |
|---|---|
| Plant and equipment | 25% |
| Computer equipment | 25% |
| Motor vehicles | 25% |

(e) Research and development

Expenditure is written off as incurred, with the exception of development expenditure on an individual project where the future recoverability can be foreseen with reasonable assurance. Any expenditure carried forward is amortised in line with the expected sales from the related project.

(f) Deferred taxation

Deferred taxation is provided using the liability method on accelerated capital allowances and other short term timing differences in accordance with Statement of Standard Accounting Practice No. 15. Provision is only made in respect of other timing differences where there is a reasonable probability that a liability will arise within the foreseeable future.

(g) Pension costs

The amount charged to the profit and loss account, in respect of the company's defined contribution schemes is the contributions payable in the year.

(h) Leased assets

Assets used by the company which have been funded through finance leases are capitalised and the resulting lease obligations are included in creditors. Rentals payable under operating leases are charged to the profit and loss account as incurred.

| 2. OPERATING LOSS | 1997 £ | 1996 £ |
|---|---|---|
| Operating loss is stated after charging: | | |
| Directors' emoluments | 25,000 | 21,500 |
| Auditors' remuneration | 5,400 | 2,600 |
| Hire of equipment | 3,472 | 2,953 |
| Depreciation | 15,797 | 19,988 |
| Amortisation | - | 1,250 |

| 3. INTEREST RECEIVABLE AND SIMILAR INCOME | | |
|---|---|---|
| Bank deposit interest | 441 | - |

| 4. INTEREST PAYABLE AND SIMILAR CHARGES | | |
|---|---|---|
| Bank overdrafts | 10,658 | 11,990 |
| Finance charges on finance leases | 406 | 457 |
| | 11,064 | 12,447 |

| 5. STAFF NUMBERS AND COSTS - INCLUDING DIRECTORS | Number | Number |
|---|---|---|
| The average number of persons employed by the company during the year was: | 14 | 16 |
| Staff costs (including directors) during the year were: | £ | £ |
| Salaries | 243,388 | 254,113 |
| Pension costs | 22,274 | 25,470 |
| Social security costs | 24,372 | 20,730 |
| | 290,034 | 300,313 |

| 6. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES | | |
|---|---|---|
| Corporation tax payable/(repayable) at 24% (1996 25%) | 4,523 | (13,786) |

| 7. TANGIBLE FIXED ASSETS | Motor Vehicles £ | Computer Equipment £ | Plant and Equipment £ | Total £ |
|---|---|---|---|---|
| Cost | | | | |
| At 1st April 1997 | 21,275 | 52,130 | 43,144 | 116,549 |
| Additions | 12,598 | 1,624 | 449 | 14,671 |
| Disposals | (2,720) | - | - | (2,720) |
| At 31st March 1997 | 31,153 | 53,754 | 43,593 | 128,500 |
| Depreciation | | | | |
| At 1st April 1997 | 15,957 | 39,612 | 40,637 | 96,206 |
| Charge for year | 7,789 | 6,292 | 1,716 | 15,797 |
| Disposal | (2,040) | - | - | (2,040) |
| At 31st March 1997 | 21,706 | 45,904 | 42,353 | 109,963 |
| Net book value At 31st March 1997 | 9,447 | 7,850 | 1,240 | 18,537 |
| Net book value At 31st March 1996 | 5,318 | 12,518 | 2,507 | 20,343 |

Motor vehicles are held under finance leases and hire purchase contracts.

8. STOCKS

| | 1997 £ | 1996 £ |
|---|---|---|
| Work in progress | 60,989 | 73,497 |

9. DEBTORS

| | 1997 | 1996 |
|---|---|---|
| Trade debtors | 111,690 | 90,110 |
| Other debtors* | 13,786 | 13,786 |
| Prepayments and accrued income | 9,134 | 9,503 |
| | 134,610 | 113,399 |

* Included in other debtors for 1996 is £13,786 recoverable after one year.

10. CREDITORS: Amounts falling due within one year

| | 1997 | 1996 |
|---|---|---|
| Bank loans and overdrafts (secured) | 74,050 | 76,880 |
| Trade creditors | 83,800 | 137,279 |
| Other creditors | 36,262 | 31,250 |
| Hire purchase obligations | 3,199 | - |
| Corporation tax | 5,390 | 866 |
| Other taxes and social security costs | 37,278 | 17,298 |
| Accruals and deferred income | 23,430 | 18,576 |
| | 263,409 | 282,149 |

The bank overdraft is secured by a fixed and floating charge over the assets of the company.

11. CREDITORS: Amounts falling due after more than one year

| | | 1997 | 1996 |
|---|---|---|---|
| Hire purchase obligations | 1-2 years | 3,199 | - |
| | 2-5 years | 1,067 | - |
| | | 4,266 | - |

12. SHARE CAPITAL

| | Authorised | | Allotted, called up and fully paid | |
|---|---|---|---|---|
| | 1997 £ | 1996 £ | 1997 £ | 1996 £ |
| Ordinary shares of £1 each | 1,000 | 1,000 | 100 | 100 |

## 14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

A separate movement of shareholders' funds statement is not provided as there are no changes for the current or prior year other than the retained profit in the profit and loss account.

## 15. PENSION SCHEMES

The company operates a defined contribution pension scheme for a director and two employees. Contributions are shown in note 4 above.

## 16. FINANCIAL COMMITMENTS

The amounts payable in the next year in respect of operating leases are shown below, analysed according to the expiry date of the leases.

| Expiry date: | 1997 | 1996 |
|---|---|---|
| | £ | £ |
| within one year | 755 | - |
| 2 - 5 years | 3,472 | 4,227 |
| | 4,227 | 4,227 |

## 17. RELATED PARTIES AND ULTIMATE CONTROLLING PARTY

The ultimate controlling party is H Eaton, a director, who holds 99% of the share capital of the company.

As at 31 March 1997 H Eaton, a director, was owed by the company £27,234 (1996 £27,234).