HOWARD EATON LIGHTING LIMITED
(Registered Number: 2278607)

FINANCIAL STATEMENTS

31 MARCH 1998

BDO STOY HAYWARD
Chartered Accountants
Northside House
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Bromley
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COMPANIES HOUSE 29/07/99

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31 MARCH 1998

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 31 March 1998.

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

The profit for the year after tax amounted to £54,110 (1997 : £21,439) which has been deducted from the loss brought forward, resulting in positive net assets which the company intends to use this solid base and build for the future.

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	31.03.98
H. Eaton	99	99
A. Jacobi	-	-
S.M. Huffington	-	-
L.E. Eaton	1	1

5. YEAR 2000
The director has considered whether the company's operations could be adversely affected by malfunctions in computer or other equipment arising from errors in processing dates in the year 2000 and beyond.

No part of the company's current operations are critically dependent on computer or other equipment which could be affected by year 2000 problems.

6. AUDITORS
On 1 March 1999 the auditors, Moores Rowland, merged their practice with that of BDO Stoy Hayward and are now practising under that name. A resolution will be proposed at the Annual General Meeting that BDO Stoy Hayward be reappointed as auditors to the company for the ensuing year.

Approved by the Board and signed on its behalf

H. EATON - Director

28/7 1999

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

26/7 1999

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 31 March 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BDO Stoy Hayward
Chartered Accountants and
Registered Auditors
Bromley

29/7/1999

HOWARD EATON LIGHTING LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 1998

	NOTE	1998 £	1997 £
Turnover	1(b)	914,688	796,990
Cost of sales		(716,722)	(605,188)
Gross profit		197,966	191,802
Distribution costs		(10,578)	(12,376)
Administrative expenses		(120,347)	(142,841)
Operating profit	2	67,041	36,585
Interest payable and similar charges	4	(6,489)	(11,064)
Interest receivable and similar income	3	212	441
Profit on ordinary activities before taxation		60,764	25,962
Tax on profit on ordinary activities	6	(6,654)	(4,523)
Profit on ordinary activities for the financial year		54,110	21,439
Loss brought forward		(53,381)	(74,820)
Profit/(Loss) carried forward		729	(53,381)

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

31 MARCH 1998

	NOTE	1998 £	1998 £	1997 £
FIXED ASSETS				
Tangible assets	7		15,834	18,537
			15,834	18,537
CURRENT ASSETS				
Stocks	8	132,818		60,989
Debtors	9	180,793		134,610
Cash at bank and in hand		264		258
		313,875		195,857
CREDITORS: Amounts falling due within one year	10	(287,753)		(263,409)
NET CURRENT ASSETS/(LIABILITIES)			26,122	(67,552)
TOTAL ASSETS LESS CURRENT LIABILITIES			41,956	(49,015)
CREDITORS: Amounts falling due after more than one year	11		(41,127)	(4,266)
			829	(53,281)
CAPITAL AND RESERVES				
Called up share capital	12		100	100
Profit and loss account			729	(53,381)
EQUITY SHAREHOLDERS' FUNDS			829	(53,281)

Approved by the Board on 28/7 1999 and signed on its behalf

H. EATON - Director

HOWARD EATON LIGHTING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31 MARCH 1998

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 PROFIT	1998 £	1997 £
Operating profit is stated after charging:		
Directors' emoluments	25,835	25,000
Auditors' remuneration	5,500	5,400
Hire of equipment	2,508	3,472
Depreciation	11,344	15,797

3. INTEREST RECEIVABLE AND SIMILAR INCOME		
Bank deposit interest	212	441

4. INTEREST PAYABLE AND SIMILAR CHARGES		
Bank loan and overdraft wholly repayable within five years	5,817	10,658
Finance charges on finance leases	672	406
	6,489	11,064

5. STAFF NUMBERS AND COSTS - INCLUDING DIRECTORS	Number	Number
The average number of persons employed by the company during the year was:	12	14
Staff costs (including directors) during the year were:	£	£
Salaries	214,932	243,388
Pension costs	21,993	22,274
Social security costs	21,259	24,372
	258,184	290,034

6. TAX ON PROFIT ON ORDINARY ACTIVITIES		
Corporation tax payable at 21% (1997: 24%)	6,654	4,523

7. TANGIBLE FIXED ASSETS	Motor Vehicles £	Computer Equipment £	Plant and Equipment £	Total £
Cost				
At 1 April 1997	31,153	53,754	43,593	128,500
Additions	-	1,751	6,890	8,641
At 31 March 1998	31,153	55,505	50,483	137,141
Depreciation				
At 1 April 1997	21,706	45,904	42,353	109,963
Charge for year	3,149	5,830	2,365	11,344
At 31 March 1998	24,855	51,734	44,718	121,307
Net book value At 31 March 1998	6,298	3,771	5,765	15,834
Net book value At 31 March 1997	9,447	7,850	1,240	18,537

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

8. STOCKS	1998 £	1997 £
Raw Materials	16,923	-
Work in progress	115,895	60,989
	132,818	60,989

9. DEBTORS		
Trade debtors	170,878	111,690
Other debtors*	947	13,786
Prepayments and accrued income	8,868	9,134
	180,793	134,610

* Included in other debtors for 1998 is £Nil (1997 : £13,786) recoverable after one year.

10. CREDITORS: Amounts falling due within one year	1998 £	1997 £
Bank loans and overdrafts (secured)	24,795	74,050
Trade creditors	176,780	83,800
Other creditors	20,068	36,262
Hire purchase obligations	3,199	3,199
Corporation tax	11,508	5,390
Other taxes and social security costs	31,711	37,278
Accruals and deferred income	19,692	23,430
	287,753	263,409

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

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

Hire purchase obligations	1-2 years	1,066	3,199
	2-5 years	-	1,067
Bank loan	1-2 years	15,000	-
	2-5 years	25,061	-
		41,127	4,266

The bank loan is repayable by monthly installments of £1,250 until December 2002. The interest rate charged on the loan is 4.5% above the bank's base rate.

12. SHARE CAPITAL

	Authorised		Allotted, called up and fully paid	
	1998 £	1997 £	1998 £	1997 £
Ordinary shares of £1 each	1,000	1,000	100	100

13. 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.

14. PENSION SCHEMES

The company operates a defined contribution pension scheme for a director and two employees. Contributions are shown in note 5 above.

15. 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:

	1998	1997
	£	£
within one year	755	755
2 - 5 years	2,151	3,472
	2,906	4,227

16. 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 1998 H Eaton, a director, was owed by the company £20,234 (1997 £27,234).