

**ARGENT COMMERCIAL SERVICES LIMITED**

**31 DECEMBER 1997**

**FINANCIAL STATEMENTS**

PRICE WATERHOUSE  
Chartered Accountants



Registered Number : 2129734

## ARGENT COMMERCIAL SERVICES LIMITED

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## **ARGENT COMMERCIAL SERVICES LIMITED DIRECTORS' REPORT**

The directors submit their report and accounts for the period ended 31 December 1997. The financial statements are drawn up for the six months to 31 December 1997. Comparative amounts are for the year to 30 June 1997.

### **1. Directors' responsibilities**

Company law requires us as directors to prepare financial statements for each financial period 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 we 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 a going concern basis unless it is inappropriate to presume that the company will continue in business.

We are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable us to ensure that the financial statements comply with the Companies Act 1985. We 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.

### **2. Principal activity and review of the business**

The company's principal activities during the period were the provision of debt factoring services. The directors are satisfied with the result for the period and consider the company to be in a strong position for the future.

On 8 October 1997 the whole of the issued share capital of the company was acquired by Reedham Factors Ltd, registered in England and Wales. The ultimate parent company of Reedham Factors Ltd is Cattles plc, registered in England and Wales.

### **3. Results and Dividends**

The profit for the period, after taxation, amounted to £130,723 (1996 : Loss £44,549).

The directors recommend the payment of a final ordinary dividend of £50,000. When added to the interim dividend of £49,500 this leaves £31,223 to be transferred to reserves.

**ARGENT COMMERCIAL SERVICES LIMITED  
DIRECTORS' REPORT**

4. Directors and their interests

The directors during the period were as follows:

J E G Cran	(Appointed 8.10.1997)
G Clappison	(Appointed 8.10.1997)
A Capleton	(Resigned 8.10.1997)
N Errington	
I Harlow	(Appointed 8.10.1997)
M R Harnaman	(Resigned 8.10.1997)
H M Melody	(Appointed 1.8.1997)
S M Robertson	
G R Price	(Resigned 8.10.1997)

There were no other changes in directorships during the period.

The interests of the directors in the issued share capital of the ultimate holding company, Cattles plc, according to the register kept under Section 325 of the Companies Act 1985, are shown in the report and accounts of the holding company, Reedham Factors Ltd, so far as Mr I Harlow is concerned, and in the accounts of the ultimate holding company so far as Messrs J E G Cran and G Clappison are concerned.

5. Tangible fixed assets

The changes in tangible fixed assets during the period are summarised in the notes to the accounts.

6. Auditors

Coopers & Lybrand resigned as auditors on the 8 October 1997 at the request of the directors and Price Waterhouse were appointed as auditors on that date.

BY ORDER OF THE BOARD

  
P J DOHERTY

Secretary

Registered Office:

Kingston House  
Centre 27 Business Park  
Woodhead Road  
Birstall  
Batley  
WF17 9TD

18 March 1998

## **AUDITORS' REPORT TO THE MEMBERS OF ARGENT COMMERCIAL SERVICES LIMITED**

We have audited the financial statements on pages 4 to 11 which have been prepared in accordance with 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 judgments 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 state of the company's affairs at 31 December 1997 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



PRICE WATERHOUSE  
Chartered Accountants and  
Registered Auditors  
9 Bond Court  
Leeds  
LS1 2SN

18 March 1998

**ARGENT COMMERCIAL SERVICES LIMITED**  
**PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED**  
**31 DECEMBER 1997**

	Notes	6 months to December 1997 £	12 months to June 1997 £
<b>Income</b>	2		
Continuing operations		962,011	958,680
Discontinued operations		-	12,391
		<hr/> 962,011	<hr/> 971,071
<b>Administration expenses</b>			
Continuing operations		698,874	804,937
Discontinued operations		-	-
		<hr/> 698,874	<hr/> 804,937
<b>Operating profit</b>	3		
Continuing operations		263,137	153,743
Discontinued operations		-	12,391
		<hr/> 263,137	<hr/> 166,134
Interest payable	6	104,784	176,889
<b>Profit on ordinary activities before taxation</b>	2	158,353	(10,755)
Tax on profit on ordinary activities	7	27,630	33,794
<b>Profit on ordinary activities after taxation</b>		<hr/> 130,723	<hr/> (44,549)
Dividends	8	99,500	122,000
<b>Retained profit for the year</b>		<hr/> <hr/> £31,223	<hr/> <hr/> £(166,549)

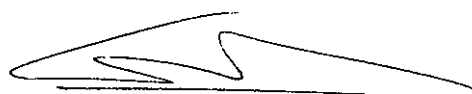
There were no acquisitions during the period.

The only recognised gain or loss for the period was the profit of £130,723 (1996 : £(44,549)).

The annexed notes form part of these financial statements.

**ARGENT COMMERCIAL SERVICES LIMITED**  
**BALANCE SHEET AT 31 DECEMBER 1997**

	Notes	31.12.97	30.6.97
		£	£
<b>Fixed Assets</b>			
Tangible assets	9	122,665	119,226
<b>Current Assets</b>			
Debtors	10	5,634,868	4,620,489
Cash at bank and in hand		-	29,676
		<u>5,634,868</u>	<u>4,650,165</u>
<b>Creditors: amounts falling due within one year</b>	11	<u>5,692,663</u>	<u>4,739,374</u>
<b>Net Current Liabilities</b>		<u>57,795</u>	<u>89,209</u>
<b>Total assets less current liabilities</b>		<u>64,870</u>	<u>30,017</u>
<b>Provisions for liabilities and charges</b>	12	<u>3,630</u>	<u>-</u>
<b>Net assets</b>		<u><u>£61,240</u></u>	<u><u>£30,017</u></u>
<b>Capital and Reserves</b>			
Called up share capital	13	30,000	30,000
Profit and loss account		<u>31,240</u>	<u>17</u>
<b>Shareholders' funds</b>	14	<u><u>£61,240</u></u>	<u><u>£30,017</u></u>



G CLAPPISON - Director

Approved by the Board on 18 March 1998.

The annexed notes form part of these financial statements.

**ARGENT COMMERCIAL SERVICES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED**  
**31 DECEMBER 1997**

1. **Accounting policies**

The principal accounting policies are set out below and have remained unchanged from the previous period.

(a) *Accounting convention*

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

(b) *Turnover*

Turnover represents the invoiced amount of interest and factoring charges, exclusive of value added tax.

(c) *Depreciation*

Depreciation on all tangible fixed assets is calculated on a straight line basis by reference to the expected life and residual value of the assets concerned at the following principal rates:

Fixtures and fittings	10% to 20% per annum
Motor vehicles	25% per annum

(d) *Deferred taxation*

Deferred taxation is the taxation attributable to timing differences between profits computed for taxation purposes and profits as stated in the accounts. Provision is made for deferred taxation on the liability method, to the extent that the liability is expected to be payable in the foreseeable future.

(e) *Foreign currencies*

All balance sheet items denominated in foreign currency are translated into sterling at rates of exchange ruling at the balance sheet date. Income and expenditure arising in foreign currencies is translated into sterling at the rates of exchange ruling at the end of the month in which the transaction occurred. All differences are taken to the profit and loss account.



**ARGENT COMMERCIAL SERVICES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED**  
**31 DECEMBER 1997**

**2. Income and profit on ordinary activities before taxation**

Income and profit on ordinary activities is attributable to the provision of debt factoring services, wholly within the United Kingdom.

**3. Operating profit**

	1997 £	1996/7 £
This is stated after charging:		
Auditors' remuneration	6,000	8,000
	<u>6,000</u>	<u>8,000</u>

**4. Staff costs**

	1997 £	1996/7 £
Wages and salaries	217,157	286,612
Social security costs	22,293	26,786
Other pension costs	8,642	16,700
	<u>£248,092</u>	<u>£330,098</u>

	1997 No	1996 No
The average weekly number of employees during the period was as follows:		
Directors, management and administration	21	16
	<u>21</u>	<u>16</u>

**5. Directors emoluments**

	1997 £	1996 £
Aggregate emoluments	80,133	118,533
Company contributions to money purchase schemes	6,602	10,116
	<u>£86,735</u>	<u>£128,649</u>

The directors of the company who are also directors of the ultimate holding company receive no emoluments in respect of their services for Argent Commercial Services Limited.

	1997 No	1996 No
The number of directors to whom retirement benefits are accruing under money purchase schemes is:	3	2
	<u>3</u>	<u>2</u>

**ARGENT COMMERCIAL SERVICES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED**  
**31 DECEMBER 1997**

**6. Interest payable**

	1997 £	1996/7 £
Interest payable on bank loans and overdrafts	£104,784	£176,889

**7. Tax on profit on ordinary activities**

	1997 £	1996/7 £
Based on the profit for the period:		
Corporation tax at 31.5%	24,000	27,000
Deferred taxation (note 12)	3,630	-
Taxation under provided in previous years:		
Corporation tax	-	6,794
	<u>£27,630</u>	<u>£33,794</u>

**8. Dividends**

	1997 £	1996/7 £
Interim	49,500	122,000
Final - proposed	50,000	-
	<u>£99,500</u>	<u>£122,000</u>

**ARGENT COMMERCIAL SERVICES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED**  
**31 DECEMBER 1997**

**9. Tangible fixed assets**

	Total £	Motor vehicles £	Fixtures and fittings £
<b>Cost</b>			
At 1 July 1997	150,704	82,060	68,644
Additions	20,764	-	20,764
Disposals	-	-	-
At 31 December 1997	<u>171,468</u>	<u>82,060</u>	<u>89,408</u>
<b>Depreciation</b>			
At 1 July 1997	31,478	21,256	10,222
Charge for the period	17,325	10,257	7,068
Disposals	-	-	-
At 31 December 1997	<u>48,803</u>	<u>31,513</u>	<u>17,290</u>
<b>Net book value</b>			
At 31 December 1997	<u>£122,665</u>	<u>£50,547</u>	<u>£72,118</u>
At 30 June 1997	<u>£119,226</u>	<u>£60,804</u>	<u>£58,422</u>

**10. Debtors**

	31.12.97 £	30.6.97 £
Trade debtors	5,615,639	4,452,083
Amounts owed by group undertakings	-	155,039
Prepayments	19,229	13,367
	<u>£5,634,868</u>	<u>£4,620,489</u>

**ARGENT COMMERCIAL SERVICES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED**  
**31 DECEMBER 1997**

**11. Creditors : Amounts falling due within one year**

	<b>31.12.97</b>	<b>30.6.97</b>
	<b>£</b>	<b>£</b>
Trade creditors	223,862	-
Bank overdraft	218,762	4,457,233
Corporation tax	51,000	27,000
Parent and fellow subsidiary companies	4,971,345	32,560
Dividend payable	50,000	122,000
Other creditors	58,548	-
Other taxation and social security	47,102	52,159
Accruals and deferred income	72,044	48,422
	<u>£5,692,663</u>	<u>£4,739,374</u>

**12. Provisions for liabilities and charges**

	<b>31.12.97</b>	<b>30.6.97</b>
	<b>£</b>	<b>£</b>
<b>Deferred taxation</b>		
Deferred taxation is provided in full and is made up as follows:		
Accelerated capital allowances	£3,630	-
	<u>          </u>	<u>          </u>
As at 1 July 1997	-	-
Transfer to profit and loss account	3,630	-
	<u>          </u>	<u>          </u>
As at 31 December 1997	<u>£3,630</u>	<u>£ -</u>

**ARGENT COMMERCIAL SERVICES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED**  
**31 DECEMBER 1997**

**13. Share capital**

	Authorised		Allotted, called up and fully paid	
	31.12.97 No	30.6.97 No	31.12.97 £	30.6.97 £
Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>	<u>£30,000</u>	<u>£30,000</u>

**14. Reconciliation of movements in shareholders' funds**

	31.12.97 £	30.6.97 £
Profit/(loss) for the financial year	130,723	(44,549)
Dividends	(99,500)	(122,000)
Net addition to shareholders' funds	31,223	(166,549)
Shareholders' funds at 1 July 1997	30,017	196,566
Shareholders' funds at 31 December 1997	<u>£61,240</u>	<u>£30,017</u>

**15. Ultimate holding company**

The ultimate holding company of Argent Commercial Services Limited is Cattles plc, registered in England and Wales.

**16. Cash flow statement**

As the company is a wholly owned subsidiary undertaking of Cattles plc, a company registered in England and Wales, a cash flow statement has not been prepared. The ultimate parent company prepares consolidated accounts which include a consolidated cash flow statement dealing with the cash flows of the group.

**17. Related party transactions**

Advantage has been taken of the exemption under Financial Reporting Standard 8 (FRS 8) "Related Party Transactions" not to disclose transactions with entities that are part of the Cattles plc group on the grounds that all the voting rights of the company are controlled by Cattles plc.