

# Aston Rothbury Group Plc

## FINANCIAL STATEMENTS

for the year ended

31 December 1997



Company Registration No. 2807862

# Aston Rothbury Group Plc

## DIRECTORS AND OFFICERS

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### DIRECTORS

B C Nalborough

I J Clark

N A Sellars

### SECRETARY

I J Clark

### COMPANY NUMBER

2807862 (England and Wales)

### REGISTERED OFFICE

2nd Floor, Romy House

159-167 Kings Road

Brentwood, Essex

CM14 4FF

### AUDITORS

Baker Tilly

Iveco Ford House

Station Road

Watford

Herts

WD1 1TG

# Aston Rothbury Group Plc

## DIRECTORS' REPORT

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The directors submit their report and financial statements of Aston Rothbury Group Plc for the year ended 31 December 1997.

### PRINCIPAL ACTIVITIES

The principal activity of the company during the year was the provision of management services.

### REVIEW OF THE BUSINESS

The results for the year and the financial position at the year end were considered satisfactory by the directors who expect continued growth in the foreseeable future.

### RESULTS AND DIVIDENDS

The trading loss for the year after taxation was £5,012.

The directors do not recommend payment of an ordinary dividend.

### DIRECTORS

The following directors have held office since 1 January 1997:-

B C Nalborough  
I J Clark  
N A Sellars

### DIRECTORS' INTERESTS IN SHARES

Directors' interests in the shares of the company, including family interests, were as follows:

*Ordinary shares (50p called up) of £1 each*  
31.12.97      1.1.97

|                |   |   |
|----------------|---|---|
| B C Nalborough | - | - |
| I J Clark      | - | - |
| N A Sellars    | - | - |

*Ordinary shares (£1 called up) of £1 each*  
31.12.97      1.1.97

|                |   |   |
|----------------|---|---|
| B C Nalborough | - | - |
| I J Clark      | - | - |
| N A Sellars    | - | - |

# Aston Rothbury Group Plc

## DIRECTORS' REPORT

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*Redeemable 0% Preference shares of £1  
each*

31.12.97 1.1.97

B C Nalborough

-

-

I J Clark

-

-

N A Sellars

-

-

### AUDITORS

A resolution to reappoint Baker Tilly, Chartered Accountants will be put to the members at the annual general meeting.

By order of the board



I J Clark

Director

# Aston Rothbury Group Plc

## DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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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:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. 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 ASTON ROTHBURY GROUP PLC

We have audited the financial statements on pages 6 to 15.

### 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 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 as at 31 December 1997 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
BAKER TILLY

Registered Auditor  
Chartered Accountants  
Iveco Ford House  
Station Road  
Watford  
Herts  
WD1 1TG

3 August 1998

**Aston Rothbury Group Plc**  
**PROFIT AND LOSS ACCOUNT**  
for the year ended 31 December 1997

|   | <i>Notes</i> | 1997<br>£      | 1996<br>£      |
|---|--------------|----------------|----------------|
| TURNOVER  | 1            | 384,324        | 240,037        |
| Other operating expenses                            | 2            | <u>384,315</u> | <u>263,004</u> |
| OPERATING PROFIT/(LOSS)                             |              | 9              | (22,967)       |
| Exceptional item                                    | 4            | <u>-</u>       | <u>23,355</u>  |
| PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST       |              | 9              | 388            |
| Interest payable and similar charges                | 3            | <u>-</u>       | <u>6</u>       |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION       | 5            | 9              | 382            |
| Taxation  | 7            | <u>5,021</u>   | <u>-</u>       |
| (LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION | 13           | <u>(5,012)</u> | <u>382</u>     |

The operating profit/(loss) for the year arises from the company's continuing operations.

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account.

# Aston Rothbury Group Plc

## BALANCE SHEET

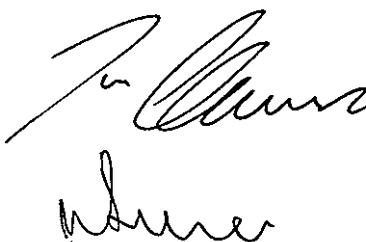
31 December 1997

|  | Notes | 1997<br>£        | 1996<br>£        |
|--|-------|------------------|------------------|
| <b>FIXED ASSETS</b>                            |       |                  |                  |
| Tangible assets                                | 8     | 90,604           | 91,782           |
| Investments                                    | 9     | 1,185,003        | 1,000,003        |
|  |       | <u>1,275,607</u> | <u>1,091,785</u> |
| <b>CURRENT ASSETS</b>                          |       |                  |                  |
| Debtors  | 10    | 839,533          | 24,608           |
| Cash at bank and in hand                       |       | 5,778            | 884              |
|  |       | <u>845,311</u>   | <u>25,492</u>    |
| CREDITORS: Amounts falling due within one year | 11    | 1,141,102        | 132,449          |
| NET CURRENT LIABILITIES                        |       | <u>(295,791)</u> | <u>(106,957)</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES          |       | <u>979,816</u>   | <u>984,828</u>   |
| <b>CAPITAL AND RESERVES</b>                    |       |                  |                  |
| Called up share capital                        | 12    | 1,025,001        | 1,025,001        |
| Profit and loss account                        | 13    | (45,185)         | (40,173)         |
| SHAREHOLDERS' FUNDS                            | 14    | <u>979,816</u>   | <u>984,828</u>   |
| Equity interests                               |       | (20,184)         | (15,172)         |
| Non-equity interests                           |       | 1,000,000        | 1,000,000        |
|  |       | <u>979,816</u>   | <u>984,828</u>   |

Approved by the board on 10 July 1998

Director

Director





# Aston Rothbury Group Plc

## CASH FLOW STATEMENT

for the year ended 31 December 1997

|   | <i>Notes</i> | 1997<br>£ | 1996<br>£ |
|---|--------------|-----------|-----------|
| NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES                           | 15           | 200,630   | (3,166)   |
| RETURNS ON INVESTMENTS AND SERVICING OF FINANCE                               |              |           |           |
| Interest paid   |              | -         | (6)       |
| Net cash outflow for returns on investments and servicing of finance          |              | -         | (6)       |
| CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT                                  |              |           |           |
| Payments to acquire tangible assets   |              | (10,736)  | (8,113)   |
| Payments to acquire investments   |              | (185,000) | -         |
| Receipts from sales of tangible assets  |              | -         | 68,796    |
| Net cash (outflow)/inflow for capital expenditure                             |              | (195,736) | 60,683    |
| Net cash inflow/(outflow) before management of liquid resources and financing |              | 4,894     | 57,511    |
| FINANCING   |              |           |           |
| Repayment of other short term loans   |              | -         | (57,020)  |
| Net cash outflow from financing   |              | -         | (57,020)  |
| INCREASE/(DECREASE) IN CASH IN THE YEAR                                       |              | 4,894     | 491       |

# Aston Rothbury Group Plc

## ACCOUNTING POLICIES

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### BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention.

### TANGIBLE FIXED ASSETS

Fixed assets are stated at historical cost less depreciation.

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

|                                |                            |
|--------------------------------|----------------------------|
| Leasehold Land and Buildings   | over the term of the lease |
| Fixtures, fittings & equipment | 4-8 years                  |

### INVESTMENTS

Fixed asset investments are stated at cost less provision for diminution in value.

### DEFERRED TAXATION

Provision is made for taxation deferred or accelerated by the effect of timing differences, to the extent that it is probable that a liability will crystallise, at the rate expected to be ruling at that date.

### LEASED ASSETS

The annual rentals on 'operating leases' are charged to the profit and loss account on a straight line basis over the lease term.

### TURNOVER

Turnover represents the invoiced value, net of Value Added Tax, of goods sold and services provided to customers.

**Aston Rothbury Group Plc**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 1997

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1. **TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

The company's turnover and profit before taxation were all derived from its principal activity wholly undertaken in the United Kingdom.

|   |                |                |
|---|----------------|----------------|
| 2. <b>OTHER OPERATING EXPENSES</b>  | 1997<br>£      | 1996<br>£      |
| Administrative expenses   | <u>384,315</u> | <u>263,004</u> |
| 3. <b>INTEREST PAYABLE</b>  | 1997<br>£      | 1996<br>£      |
| On bank loans and overdrafts  | <u>-</u>       | <u>6</u>       |
| 4. <b>EXCEPTIONAL ITEMS</b>   | 1997<br>£      | 1996<br>£      |
| Profit on disposal of leasehold premises  | <u>-</u>       | <u>23,355</u>  |
| 5. <b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>                             | 1997<br>£      | 1996<br>£      |
| Profit on ordinary activities before taxation is stated after charging/(crediting): |                |                |
| Depreciation of tangible assets:  |                |                |
| Charge for the year:  |                |                |
| owned assets  | 11,914         | 11,332         |
| Hire of plant and machinery   | 534            | 763            |
| Operating lease rentals:  |                |                |
| Land and buildings  | 14,270         | 26,757         |
| Auditors' remuneration  | <u>1,000</u>   | <u>1,000</u>   |

**Aston Rothbury Group Plc**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 1997

**6. EMPLOYEES**

| The average monthly number of persons (including directors)<br>employed by the company during the year was: | 1997<br>No.    | 1996<br>No.    |
|---|----------------|----------------|
| Office and management   | <u>11</u>      | <u>9</u>       |
| Wages and salaries  | 287,775        | 126,763        |
| Social security costs   | 27,170         | 12,019         |
| Other pension costs   | -              | 4,529          |
|   | <u>314,945</u> | <u>143,311</u> |

**7. TAXATION**

|  | 1997<br>£    | 1996<br>£ |
|--|--------------|-----------|
| Based on the profit for the year:        |              |           |
| U.K. Corporation tax at 22% (1996 - 24%) | <u>5,021</u> | <u>-</u>  |

**8. TANGIBLE FIXED ASSETS**

|                    | <i>Leasehold<br/>Land and<br/>Buildings</i><br>£ | <i>Fixtures,<br/>fittings &amp;<br/>equipment</i><br>£ | <i>Total</i><br>£ |
|--------------------|--|--|-------------------|
| Cost               |  |  |                   |
| 1 January 1997     | 100,330  | 4,367  | 104,697           |
| Additions          | -  | 10,736   | 10,736            |
| 31 December 1997   | <u>100,330</u>                                   | <u>15,103</u>  | <u>115,433</u>    |
| Depreciation       |  |  |                   |
| 1 January 1997     | 12,314   | 601  | 12,915            |
| Charge in the year | 10,210   | 1,704  | 11,914            |
| Disposals          | -  | -  | -                 |
| 31 December 1997   | <u>22,524</u>                                    | <u>2,305</u>   | <u>24,829</u>     |
| Net book value     |  |  |                   |
| 31 December 1997   | <u>77,806</u>                                    | <u>12,798</u>  | <u>90,604</u>     |
| 31 December 1996   | <u>88,016</u>                                    | <u>3,766</u>   | <u>91,782</u>     |

**Aston Rothbury Group Plc**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 1997

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9. FIXED ASSET INVESTMENTS

|                  | <i>Shares in<br/>subsidiary<br/>undertakings<br/>£</i> |
|------------------|--|
| Cost             |  |
| 1 January 1997   | 1,000,003  |
| Additions        | 185,000  |
|                  | <hr/>  |
| 31 December 1997 | 1,185,003  |
|                  | <hr/> <hr/>  |

In the opinion of the directors the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

The company holds more than 10% of the share capital of the following companies:

| Company                         | Country of registration or<br>incorporation | Shares held |     |
|---------------------------------|---|-------------|-----|
|                                 |   | Class       | %   |
| Subsidiary undertakings         |   |             |     |
| Aston Rothbury Factors Limited  | U.K.  | Ordinary    | 100 |
| Aston Rothbury & Co Limited     | U.K.  | Ordinary    | 100 |
| Aston Rothbury Discount Limited | U.K.  | Ordinary    | 100 |

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

|                                 | Capital and<br>reserves | Profit for the<br>year |
|---------------------------------|-------------------------|------------------------|
| Aston Rothbury Factors Limited  | 920,116                 | 37,137                 |
| Aston Rothbury & Co Limited     | (85,320)                | (26,119)               |
| Aston Rothbury Discount Limited | 2                       | 0                      |

Consolidated financial statements have not been prepared as the company is exempt from the requirement to do so by the virtue of s248 Companies Act 1985.

| 10. DEBTORS                        | 1997<br>£   | 1996<br>£   |
|------------------------------------|-------------|-------------|
| Due within one year                |             |             |
| Amounts owed by group undertakings | 815,000     | -           |
| Other debtors                      | 13,886      | 14,919      |
| Prepayments and accrued income     | 10,647      | 9,689       |
|                                    | <hr/>       | <hr/>       |
|                                    | 839,533     | 24,608      |
|                                    | <hr/> <hr/> | <hr/> <hr/> |

**Aston Rothbury Group Plc**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 1997

| 11. CREDITORS: Amounts falling due within one year   | 1997<br>£        | 1996<br>£        |
|--|------------------|------------------|
| Trade creditors                                      | 1,756            | 1,288            |
| Amounts owed to group undertakings                   | 1,100,000        | 100,000          |
| Corporation tax                                      | 5,021            | -                |
| Other taxes and social security costs                | 14,972           | 12,072           |
| Accruals and deferred income                         | 19,353           | 19,089           |
|  | <u>1,141,102</u> | <u>132,449</u>   |
| 12. SHARE CAPITAL                                    | 1997<br>£        | 1996<br>£        |
| Authorised   |                  |                  |
| 1,000,000 Ordinary shares (50p called up) of £1 each | 1,000,000        | 1,000,000        |
| 1,000,000 Redeemable 0% Preference shares of £1 each | 1,000,000        | 1,000,000        |
|  | <u>2,000,000</u> | <u>2,000,000</u> |
| Allotted, issued and fully paid                      |                  |                  |
| 49,998 Ordinary shares (50p called up) of £1 each    | 24,999           | 24,999           |
| 2 Ordinary shares (£1 called up) of £1 each          | 2                | 2                |
| 1,000,000 Redeemable 0% Preference shares of £1 each | 1,000,000        | 1,000,000        |
|  | <u>1,025,001</u> | <u>1,025,001</u> |

The preference shares are redeemable on 31 December 1997.

13. STATEMENT OF MOVEMENT ON RESERVES

|                            | <i>Profit and<br/>loss account</i><br>£ |
|----------------------------|---|
| 1 January 1997             | (40,173)                                |
| Retained loss for the year | <u>(5,012)</u>                          |
| 31 December 1997           | <u>(45,185)</u>                         |

**Aston Rothbury Group Plc**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 1997

|   |                |                            |
|---|----------------|----------------------------|
| 14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS                                    | 1997           | 1996                       |
|   | £              | £                          |
| (Loss)/Profit for the financial year  | (5,012)        | 382                        |
| Opening shareholders' funds   | 984,828        | 984,446                    |
|   | <u>979,816</u> | <u>984,828</u>             |
| Closing shareholders' funds   |                |                            |
|   | <u>979,816</u> | <u>984,828</u>             |
| 15. CASH FLOWS  | 1997           | 1996                       |
|   | £              | £                          |
| a. Reconciliation of operating profit/(loss) to net cash inflow from operating activities |                |                            |
| Operating profit/(loss)   | 9              | 388                        |
| Depreciation of tangible assets   | 11,914         | 11,332                     |
| Profit on disposal of leasehold   | -              | (23,355)                   |
| Increase in debtors   | (814,925)      | (16,698)                   |
| Increase/(decrease) in creditors within one year  | 1,003,632      | 25,167                     |
|   | <u>200,630</u> | <u>(3,166)</u>             |
| Net cash inflow from operating activities   |                |                            |
|   | <u>200,630</u> | <u>(3,166)</u>             |
| b. Analysis of net funds  | 1 January 1997 | Cash flow 31 December 1997 |
|   | £              | £                          |
| Net cash:   |                |                            |
| Cash at bank and in hand  | 884            | 4,894                      |
|   | <u>884</u>     | <u>5,778</u>               |
| Net funds   | <u>884</u>     | <u>5,778</u>               |
| c. Reconciliation of net cash flow to movement in net debt                                | 1997           | 1996                       |
|   | £              | £                          |
| Increase in cash in the year  | 4,894          | 491                        |
|   | <u>4,894</u>   | <u>491</u>                 |
| Movement in net funds in the year   | 4,894          | 491                        |
| Opening net funds   | 884            | 393                        |
|   | <u>5,778</u>   | <u>884</u>                 |
| Closing net funds   |                |                            |
|   | <u>5,778</u>   | <u>884</u>                 |

**Aston Rothbury Group Plc**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 1997

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**16. COMMITMENTS UNDER OPERATING LEASES**

At 31 December 1997 the company had annual commitments under non-cancellable operating leases as follows:

|   | 1997          | 1996          |
|---|---------------|---------------|
|   | £             | £             |
| Land and buildings<br>expiring after five years | <u>26,757</u> | <u>26,757</u> |

**17. RELATED PARTY TRANSACTIONS**

The directors consider Red Star Investments Limited, which is incorporated in the Isle of Man, as the ultimate parent undertaking.

The following transactions with related parties arose during the year:

Management charges rendered:

Aston Rothbury Factors Limited £293,058

Aston Rothbury & Co. Limited £91,266

The following balance was due to a related party at the balance sheet date:

Red Star Investments Limited £1,100,000

The following balances are due from a related party:

Aston Rothbury Factors Limited £315,000

Aston Rothbury & Co. Limited £500,000