

ASTON ROTHBURY GROUP PLC

FINANCIAL STATEMENTS

31 DECEMBER 1996

Company Registration Number: 2807862

BAKER TILLY
Chartered Accountants
Iveco Ford House
Station Road
Watford
Herts
WD1 1TG



DIRECTORS AND OFFICERS

DIRECTORS

B C Nalborough
I J Clark
N A Sellars

SECRETARY

I J Clark

REGISTERED OFFICE

2nd Floor
Romy House
159-167 Kings Road
Brentwood
Essex
CM14 4FF

AUDITORS

Baker Tilly
Chartered Accountants
Iveco Ford House
Station Road
Watford
Herts
WD1 1TG

DIRECTORS' REPORT

The directors submit their report and the financial statements of Aston Rothbury Group plc for the year ended 31 December 1996.

PRINCIPAL ACTIVITY

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

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The directors are satisfied with the results for the year and state of affairs at 31 December 1996.

RESULTS AND DIVIDENDS

The trading profit for the year after taxation was £382.

The directors do not recommend the payment of a dividend.

DIRECTORS

The following directors have held office since 1 January 1996.

B C Nalborough
I J Clark
N A Sellars

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

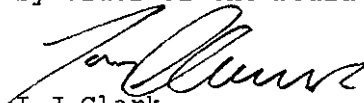
Directors' interests in the shares of the company, including family interests, were as follows:

	Ordinary shares of £1 each	
	31.12.96	31.12.95
B C Nalborough	-	-
I J Clark	-	-
N A Sellars	-	-

AUDITORS

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

By order of the board


I J Clark
Secretary

**DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF
FINANCIAL STATEMENTS
for the year ended 31 December 1996**

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 group and of the profit or loss of the company and group 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 group and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 1985. They are also responsible for safeguarding the assets of the company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS' REPORT TO THE MEMBERS OF ASTON ROTHBURY GROUP PLC

We have audited the financial statements on pages 5 to 12.

Respective responsibilities of directors and auditors

As described on page 3 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 at 31 December 1996 and its profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

In our opinion, the company is entitled for the year ended 31 December 1996 to the exemption conferred by section 248 of the Companies Act 1985 from the requirement to prepare group accounts.


BAKER TILLY

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

19 June 1997

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 1996

	Notes	1996	1995
TURNOVER	1	240,037	-
Other operating expenses (net)	2	263,004	68,380
OPERATING LOSS		(22,967)	(68,380)
Exceptional item	3	23,355	30,861
		388	(37,519)
Interest payable		6	-
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	4	382	(37,519)
Taxation	6	-	(1,470)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION	14	£ 382 £	(36,049)

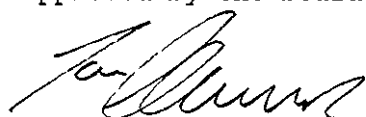
The profit for the year arises from the company's continuing operations.

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.

BALANCE SHEET
31 December 1996

	Notes	1996	1995
FIXED ASSETS			
Tangible assets	7	91,782	140,603
Investments	8	1,000,003	1,000,003
		<u>1,091,785</u>	<u>1,140,606</u>
CURRENT ASSETS			
Debtors	9	24,608	-
Cash at bank and in hand		884	393
		<u>25,492</u>	<u>393</u>
CREDITORS			
Amounts falling due within one year	10	132,449	156,553
NET CURRENT LIABILITIES		<u>(106,957)</u>	<u>(156,160)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>£984,828</u>	<u>£984,446</u>
CAPITAL AND RESERVES			
Share capital	11	1,025,001	1,025,001
Profit and loss account	12	(40,173)	(40,555)
SHAREHOLDERS' FUNDS	13	<u>£984,828</u>	<u>£984,446</u>
Equity interests		(15,172)	(15,554)
Non-equity interests		1,000,000	1,000,000
		<u>£984,828</u>	<u>£984,446</u>

Approved by the board on 18 June 1997



I J Clark

Director

CASH FLOW STATEMENT
31 December 1996

	Notes	1996	1995
NET CASH FLOW FROM OPERATING ACTIVITIES	1	(3,172)	20,267
INVESTING ACTIVITIES			
Purchase of fixed assets		(8,113)	(143,889)
Purchase of fixed asset investments		-	(25,000)
Sale of fixed assets		68,796	-
Net cash inflow/(outflow) from investing activities		<u>60,683</u>	<u>(168,889)</u>
Net cash inflow/(outflow) before financing		57,511	(148,622)
FINANCING			
Loans advanced		-	141,021
Loans repaid		(57,020)	-
Net cash (outflow)/inflow from financing		<u>(57,020)</u>	<u>141,021</u>
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	2	<u>£ 491</u>	<u>£ (7,601)</u>

NOTES TO THE CASH FLOW STATEMENT
31 December 1996

	1996	1995	
1. RECONCILIATION OF OPERATING LOSS TO NET CASH FLOW FROM OPERATING ACTIVITIES			
Operating profit/(loss)	382	(37,519)	
(Increase)/decrease in debtors	(16,698)	3,500	
Increase in creditors	25,167	1,000	
Investment written off	-	50,000	
Amortisation	10,731	3,286	
Depreciation	601	-	
Profit on sale of leasehold	(23,355)	-	
	<u>£(3,172)</u>	<u>£20,267</u>	
2. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR			
Balance at 1 January 1996	393	7,994	
Net cash inflow/(outflow)	491	(7,601)	
Balance at 31 December 1996	<u>£ 884</u>	<u>£ 393</u>	
3. ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS AS SHOWN IN THE BALANCE SHEET			
	1996	1995	Change In Year
Cash at bank and in hand	<u>£884</u>	<u>£393</u>	<u>£491</u>
4. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR			
		Share Capital	Loans
At 1 January 1996	1,025,001	157,021	
Cash flows from financing	-	(57,020)	
At 31 December 1996	<u>£1,025,001</u>	<u>£100,001</u>	

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

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

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.

TURNOVER

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

TANGIBLE FIXED ASSETS

Fixed assets are stated at historical cost. 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 premises	- over the lease term
Furniture, fixtures and equipment	- 4-8 years

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 1996

1. TURNOVER

The company's turnover is derived from its principal activity.

2. OTHER OPERATING EXPENSES	1996 £	1995 £
Administration expenses	£263,004	£68,380

3. EXCEPTIONAL ITEMS

Profit on sale of leasehold property	23,355	-
Landlords contribution to office refurbishment	-	30,861
	<u>£23,355</u>	<u>£30,861</u>

4. PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit/(loss) on ordinary activities before taxation is stated after charging:

Auditors' remuneration	1,000	1,000
Depreciation and amounts written off tangible fixed assets:		
Charge for the year:		
Owned assets	11,332	3,286
Operating lease rentals:		
Land and buildings	26,757	-

5. EMPLOYEES

The average weekly number of persons (including directors) employed by the group during the year was:	No.	No.
Office and management	9	-

Staff costs for the above persons:

Wages and salaries	126,763	-
Social security costs	12,019	-
Pension costs	4,529	-
	<u>£143,311</u>	<u>£ -</u>

DIRECTORS' REMUNERATION

Other emoluments (including pension contributions and benefits in kind)	£41,277	£ -
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6. TAXATION

Corporation tax at 24/25% (1995:25%)	-	-
Group relief	-	(1,470)
	<u>£ -</u>	<u>£ (1,470)</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 1996

7. FIXED ASSETS

	Furniture Fixtures and Equipment	Long leasehold	Short leasehold	Total
Cost:				
1 January 1996	-	46,721	97,168	143,889
Additions	4,367	584	3,162	8,113
Disposals	-	(47,305)	-	(47,305)
At 31 December 1996	4,367	-	100,330	104,697
Depreciation:				
1 January 1996	-	857	2,429	3,286
Charge for year	601	846	9,885	11,332
Disposals	-	(1,703)	-	(1,703)
At 31 December 1996	601	-	12,314	12,915
Net Book Value:				
At 31 December 1996	3,766	-	88,016	£91,782
At 31 December 1995	-	45,864	94,739	£140,603

8. FIXED ASSET INVESTMENTS

Subsidiary undertakings

1 January 1996 and 31 December 1996 £1,000,003

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.

Name	Nature of Business	Profit for the Year	Capital and Reserves
Aston Rothbury Factors Limited	Factoring	£27,705	£697,979
Aston Rothbury & Co Limited	Financiers	£33,270	£(79,932)
Aston Rothbury Discount Limited	Dormant	£ -	£ 2

Aston Rothbury Group plc owns the whole of the Ordinary Shares of all subsidiaries. All subsidiaries are registered in England and Wales.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 1996

9.	DEBTORS	1996	1995
	Due within one year		
	Other debtors	14,919	-
	Prepayments and accrued income	9,689	-
		<u>24,608</u>	<u>-</u>
10.	CREDITORS		
	Amounts falling due within one year		
	Trade creditors	1,288	-
	Amounts due to group undertakings	100,000	155,553
	Other taxation and social security	12,072	-
	Accruals and deferred income	19,089	1,000
		<u>£132,449</u>	<u>£156,553</u>
11.	SHARE CAPITAL		
	Authorised:		
	1,000,000 ordinary shares of £1 each	£1,000,000	£1,000,000
	1,000,000 redeemable 0% preference shares (1997) of £1 each	<u>£1,000,000</u>	<u>£1,000,000</u>
	Allotted and issued		
	50,000 ordinary shares of £1 each	50,000	50,000
	1,000,000 redeemable 0% preference shares (1997) of £1 each	1,000,000	1,000,000
		<u>£1,050,000</u>	<u>£1,050,000</u>
	Called up and fully paid:		
	49,998 ordinary shares of £1 each (50p called up)	24,999	24,999
	2 ordinary shares of £1 each (£1 called up)	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 at par on 31 December 1997.		
12.	PROFIT AND LOSS ACCOUNT	1996	1995
	1 January 1996	(40,555)	(4,506)
	Profit/(Loss) for year	382	(36,049)
	31 December 1996	<u>£(40,173)</u>	<u>£(40,555)</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 1996

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	1996	1995
Profit/(Loss) for financial year	382	(36,049)
Net addition to shareholders' funds	382	(36,049)
Opening shareholders' funds	984,446	1,020,495
Closing shareholders' funds	£984,828	£984,446

14. COMMITMENTS UNDER OPERATING LEASES

At 31 December 1996 the company had annual commitments under non-cancellable operating leases as follows:

Land and buildings: expiring after 5 years	£26,757	-
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15. RELATED PARTY INFORMATION

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	£174,354
Aston Rothbury & Co Limited	£65,683

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

Aston Rothbury & Co. Limited	£100,000
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