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ASTON ROTHBURY & CO LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 1996

Company Registration Number: 01073832

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



DIRECTORS AND OFFICERS

DIRECTORS

B C Nalborough
G A Nalborough
N A Sellars
I J Clark

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 & Co Limited for the year ended 31 December 1996.

PRINCIPAL ACTIVITIES

The principal activities of the company during the year were those of Financiers.

REVIEW OF THE BUSINESS

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

RESULTS AND DIVIDENDS

The trading profit for the year after taxation was £33,270.

The directors do not recommend the payment of a dividend.

DIRECTORS

The following directors have held office since 1 January 1996:

B C Nalborough
G A Nalborough
N A Sellars
I J Clark

DIRECTORS' INTERESTS IN SHARES

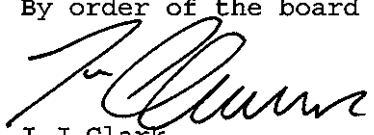
Directors' interests in the shares of the company, including family interests, were as follows:

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

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 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 at any time the financial position of the company 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS' REPORT TO THE MEMBERS OF ASTON ROTHBURY & CO LIMITED

We have audited the financial statements on pages 5 to 9.

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 of its profit 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

(8 July 1997)

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 1996

	Notes	1996	1995
Interest receivable		65,866	116,325
Other income		54,545	1,613
Operating income	1	<u>120,411</u>	<u>117,938</u>
Administration expenses		<u>57,391</u>	<u>197,941</u>
OPERATING PROFIT/(LOSS)		63,020	(80,003)
Interest payable	2	<u>9,019</u>	<u>1,254</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	3	54,001	(81,257)
Taxation	6	-	(4,449)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION	11	<u>£54,001</u>	<u>£(76,808)</u>

The operating 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
CURRENT ASSETS			
Stock	7	-	4,000
Debtors	8	986,951	1,322,167
Cash at bank and in hand		129,110	188,079
		<u>1,116,061</u>	<u>1,514,246</u>
CREDITORS			
Amounts falling due within one year	9	1,175,262	1,627,448
		<u>£ (59,201)</u>	<u>£ (113,202)</u>
CAPITAL AND RESERVES			
Called up share capital	10	50,000	50,000
Profit and loss account	11	(109,201)	(163,202)
EQUITY SHAREHOLDERS' FUNDS		<u>£ (59,201)</u>	<u>£ (113,202)</u>

Approved by the board on 18 July 1997



N A Sellars

Director

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention in accordance with applicable accounting standards on the going concern basis. The directors consider that this basis is appropriate since they expect adequate finance will be made available by a related company.

FOREIGN CURRENCIES

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

TURNOVER

Turnover represents interest received and receivable during the year.

STOCKS

Stocks are valued at the lower of cost and net realisable value. Provision is made for obsolete and slow moving items.

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

1. TURNOVER AND PROFIT ON ORDINARY
ACTIVITIES BEFORE TAXATION

The company's turnover and profit before taxation were all derived from its principal activities. All sales were made in the United Kingdom.

2. INTEREST PAYABLE	1996	1995
On bank loans and overdrafts wholly repayable within 5 years	£9,019	£1,254

3. PROFIT ON ORDINARY ACTIVITIES
BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging:

Auditors' remuneration	£3,000	£2,900
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4. EMPLOYEES

The company had no employees during the year (1995:Nil).

5. DIRECTORS' REMUNERATION

No director has received any remuneration during the year (1995:Nil).

6. TAXATION	1996	1995
Based on the profit of the year:		
UK corporation tax at 24%/25% (1995:25%)	-	-
Overprovided in prior years	-	-
Group relief	-	(4,449)
	£ -	£ (4,449)

7. STOCK	1996	1995
Goods for resale	£ -	£4,000

8. DEBTORS	1996	1995
Due within one year:		
Loans	333,683	361,308
Other debtors	14,091	113,834
Amounts due under finance leases	12,548	13,470
Amount due from group undertakings	626,629	822,330
	986,951	1,310,942
Due after more than one year:		
Amounts due under finance leases	-	11,225
	£986,951	£1,322,167

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

	1996	1995
9. CREDITORS		
Amounts falling due within one year:		
Loans	1,142,181	1,460,024
Accruals and deferred income	13,452	147,795
Directors' loan	19,629	19,629
	<u>£1,175,262</u>	<u>£1,627,448</u>

10. SHARE CAPITAL		
Authorised:		
100,000 Ordinary shares of £1 each	£100,000	£100,000
	<u> </u>	<u> </u>
Allotted, issued and fully paid:		
50,000 Ordinary shares of £1 each	£50,000	£50,000
	<u> </u>	<u> </u>

11. PROFIT AND LOSS ACCOUNT		
1 January 1996	(163,202)	(86,394)
Profit/(Loss) for the year	54,001	(76,808)
	<u> </u>	<u> </u>
31 December 1996	£(109,201)	£(163,202)
	<u> </u>	<u> </u>

12. RELATED PARTY INFORMATION

The immediate holding company is Aston Rothbury Group plc and the ultimate holding company is regarded by the directors as being Red Star Investments Limited, incorporated in the Isle of Man. Aston Rothbury Group plc charged management fees of £65,683 during the year.

The following balances were due from related parties at the balance sheet date:

Red Star Investments Limited	£22,629
Aston Rothbury Group Plc	£100,000
Aston Rothbury Factors Limited	£500,000

Aston Rothbury Factors is a fellow subsidiary company.

13. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	1996	1995
Profit/(Loss) for financial year	54,001	(76,808)
	<u> </u>	<u> </u>
Net addition to shareholders' funds	54,001	(76,808)
Opening shareholders' funds	(113,202)	(36,394)
	<u> </u>	<u> </u>
Closing shareholders' funds	£(59,201)	£(113,202)
	<u> </u>	<u> </u>