

Registered no: 15997

Newton Chambers & Company plc  
Annual report  
for the year ended 31 December 1998



# **Newton Chambers & Company plc**

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## **Company Registration Number**

15997

## **Directors**

R G G Carr

A T Kirkman (resigned 10 December 1998)

R J Rimington

## **Secretary**

R G Codrington

## **Registered office**

2650 Kings Court

The Crescent

Birmingham Business Park

Birmingham

B37 7YE

## **Registrars**

Lloyds TSB Registrars

The Causeway

Worthing

West Sussex

BN99 6DA

## **Auditors**

PricewaterhouseCoopers

Chartered Accountants and Registered Auditors

Temple Court

35 Bull Street

Birmingham

B4 6JT

**Directors' report  
for the year ended 31 December 1998**

The directors present their report and the audited financial statements for the year ended 31 December 1998.

**Principal activity**

The company acts as an intermediate holding company. The company's wholly owned subsidiary, Thorncliffe Retentions Limited, is dormant (within the meaning of section 250 of the Companies Act 1985).

**Results and dividends**

The consolidated loss for the financial year after taxation amounted to £58,045 (1997: profit of £17,868). Preference dividends of £4,655 have been paid by the company (1997: £4,654).

**Review of the business and future developments**

The directors are satisfied with the financial position of the company. The company will continue to pursue its principal activity for the foreseeable future.

**Directors and their interests**

The directors, who served throughout the year unless indicated otherwise, are as follows:

R G G Carr  
A T Kirkman (resigned 10 December 1998)  
R J Rimington

In accordance with the Articles, R J Rimington retires by rotation but will not be seeking reappointment.

The interests of RGG Carr and RJ Rimington in the ordinary shares of 10p each of TransTec plc ("TransTec shares"), the ultimate holding company, are as follows (all interests are beneficial unless otherwise stated):

**Ordinary shares of 10p each in TransTec plc**

	At 31 December 1998 <i>No.</i>	At 31 December 1997 <i>No.</i>
R G G Carr	<u>2,722,536</u>	<u>2,672,518</u>
R J Rimington	<u>282,678</u>	<u>227,098</u>

## Directors and their interests (continued)

### TransTec plc 1991 Executive Share Option Scheme II

	Options exercisable between	Exercise price	At 1 January 1998 No.	Granted during the year No.	Exercised during the year No.	At 31 December 1998 No.
R G G Carr	Apr 1999 - Apr 2006	92.366p	409,241	-	-	409,241
	Apr 2000 - Apr 2007	116.167p	300,735	-	-	300,735
	Mar 2001 - Mar 2008	85.000p	-	300,000	-	300,000
			<u>709,976</u>	<u>300,000</u>	<u>-</u>	<u>1,009,976</u>

### TransTec plc 1991 Savings Related Share Option Scheme

	Options exercisable between	Exercise price	At 1 January 1998 No.	Granted during the year No.	Exercised during the year No.	At 31 December 1998 No.
R G G Carr	Jul 2000 - Dec 2000	87.600p	4,897	-	-	4,897
	Jul 2001 - Dec 2001	68.400p	-	2,622	-	2,622
			<u>4,897</u>	<u>2,622</u>	<u>-</u>	<u>7,519</u>

### TransTec Employee Trust 1992 Executive Share Option Scheme I

	Options exercisable between	Exercise price	At 1 January 1998 No.	Granted during the year No.	Exercised during the year No.	At 31 December 1998 No.
R G G Carr	Apr 1998 - Apr 2005	65.303p	<u>490,024</u>	<u>-</u>	<u>-</u>	<u>490,024</u>

### Carr Agreement

	Options exercisable between	Exercise price	At 1 January 1998 No.	Granted during the year No.	Exercised during the year No.	At 31 December 1998 No.
R G G Carr	Anytime - Nov 2001	50.432p	1,982,868	-	-	1,982,868
		120.076p/				
	Anytime - Nov 2001	129.312p	541,322	-	-	541,322
			<u>2,524,190</u>	<u>-</u>	<u>-</u>	<u>2,524,190</u>

R J Rimington held a non-beneficial interest in 59,110 ordinary shares in TransTec plc at 31 December 1998 (31 December 1997: 226,110).

The market price of shares in TransTec plc on 31 December 1998 was 31.5p per share and the high and low share prices during the year were 86.5p and 29.0p respectively. For options granted during the year, the subscription price per share is fixed by reference to the average of the mid market quotations of a TransTec ordinary share on each of the three dealing days immediately preceding the offer. In the case of the Savings Related Share Option Scheme, which is open to all eligible group employees, the subscription price is 80% of such an average price.

## Directors and their interests (continued)

In addition, the trustee of the TransTec Employee Trust held 905,847 (1997: 905,847) ordinary shares of 10p each in TransTec plc as at 31 December 1998 on behalf of the directors and employees of TransTec plc and participating companies. All directors are deemed to be interested, at that date, in all such shares held by the trustee.

On 14 January 1999 and 21 January 1999 respectively, R G G Carr acquired 2,490 and 893,000 TransTec shares. Save as stated herein, during the period from 31 December 1998 to 12 March 1999 (being not more than one month before the date of the notice convening the Annual General Meeting) no changes have taken place in the interests of directors in shares of group companies.

Save as stated herein, none of the directors has any interest in the shares or debentures of the company or of any other group company.

## Year 2000 and introduction of the Euro

The directors consider that the impact of Year 2000 date changes on computer systems and the introduction of the single European currency (the Euro) on 1 January 1999 will not be significant to the company.

## Payments to suppliers

The company has no trade creditors by virtue of its principal activity. However, it is the company's policy that creditors are paid in accordance with contractual terms.

## Going concern

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

## Corporate governance

The company is a wholly-owned subsidiary of TransTec plc and the directors are also directors or employees of TransTec plc. The company no longer has any business or trading activity. In the circumstances, the board, whilst accepting that its stewardship of the company should be of the highest standard, has not taken steps to comply with the Combined Code (the principles of good governance and code of best practice issued by the Hampel Committee). The directors receive no remuneration from the company and no statement is given nor report made under Rules 12.43 (w) and 12.43(x) respectively of the Listing Rules of the London Stock Exchange.

## Major interests in shares

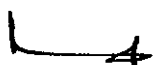
At the date of this report, the company had been notified that TransTec plc and its subsidiary undertakings are interested in the whole of the issued ordinary shares and in 75.6% of the issued preference shares of the company, together representing 99.7% of the shares carrying rights to vote at all times at general meetings of the company.

## Auditors

The company's auditors, Coopers & Lybrand, merged with Price Waterhouse on 1 July 1998, following which Coopers & Lybrand resigned and the directors appointed the new firm PricewaterhouseCoopers to fill the casual vacancy.

A resolution to reappoint and fix the remuneration of the the auditors, PricewaterhouseCoopers, will be proposed at the Annual General Meeting.

**By order of the board**



**R G Codrington**  
**Secretary**  
12 April 1999

## **Report of the auditors to the members of Newton Chambers & Company plc**

We have audited the financial statements on pages 8 to 15.

### **Responsibilities of directors**

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

### **Responsibilities of auditors**

As described above the company's directors are responsible for the preparation of financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

**Report of the auditors to the members of  
Newton Chambers & Company plc (continued)**

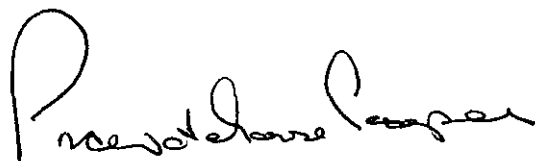
**Basis of audit opinion**

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 affairs of the company at 31 December 1998 and of the company's loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**PricewaterhouseCoopers**  
Chartered Accountants and Registered Auditors  
Birmingham  
12 April 1999



**Consolidated profit and loss account  
for the year ended 31 December 1998**

	Notes	1998 £	1997 £
Administrative expenses		(57,761)	(200)
Other operating income		-	21,163
<b>(Loss)/profit on ordinary activities before tax</b>	2	<b>(57,761)</b>	<b>20,963</b>
Taxation	4	(284)	(3,095)
<b>(Loss)/profit for the financial year</b>	6, 12	<b>(58,045)</b>	<b>17,868</b>
Dividends	5, 12	(4,655)	(4,654)
<b>Retained (loss)/profit for the financial year</b>		<b>(62,700)</b>	<b>13,214</b>
<b>Earnings per ordinary share</b>			
- basic	7	(0.53p)	0.11p
- diluted	7	(0.53p)	0.11p

The company has no recognised gains and losses other than the loss above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the retained loss for the financial year stated above and its historical cost equivalent.

**Consolidated balance sheet  
at 31 December 1998**

	Notes	1998 £	1997 £
<b>Fixed assets</b>			
Investments	8	<u>8,316,855</u>	<u>8,316,855</u>
<b>Current assets</b>			
Debtors	9	87,850	79,852
<b>Creditors: amounts falling due within one year</b>	10	<u>(1,322,400)</u>	<u>(1,251,702)</u>
<b>Net current liabilities</b>		<u>(1,234,550)</u>	<u>(1,171,850)</u>
<b>Total assets less current liabilities</b>		<u>7,082,305</u>	<u>7,145,005</u>
<b>Creditors: amounts falling due after more than one year</b>	10	<u>(1,260,000)</u>	<u>(1,260,000)</u>
<b>Net assets</b>		<u><u>5,822,305</u></u>	<u><u>5,885,005</u></u>
<b>Capital and reserves</b>			
Called up share capital	11	3,067,000	3,067,000
Share premium account	12	1,683,722	1,683,722
Other reserves	12	143,000	143,000
Profit and loss account	12	928,583	991,283
<b>Shareholders' funds</b>	12	<u><u>5,822,305</u></u>	<u><u>5,885,005</u></u>
<b>Analysis of shareholders' funds</b>			
Equity		5,689,305	5,752,005
Non-equity		133,000	133,000
		<u><u>5,822,305</u></u>	<u><u>5,885,005</u></u>

The financial statements on pages 8 to 15 were approved by the board of directors on 12 April 1999 and signed on its behalf by:



**R G G Carr**  
Director

**Company balance sheet  
at 31 December 1998**

	Notes	1998 £	1997 £
<b>Fixed assets</b>			
Investments	8	8,316,955	8,316,955
<b>Current assets</b>			
Debtors	9	20,300	22,091
<b>Creditors: amounts falling due within one year</b>	10	(1,254,850)	(1,251,702)
<b>Net current liabilities</b>		(1,234,550)	(1,229,611)
<b>Total assets less current liabilities</b>		7,082,405	7,087,344
<b>Creditors: amounts falling due after more than one year</b>	10	(1,260,000)	(1,260,000)
<b>Net assets</b>		5,822,405	5,827,344
<b>Capital and reserves</b>			
Called up share capital	11	3,067,000	3,067,000
Share premium account	12	1,683,722	1,683,722
Other reserves	12	143,000	143,000
Profit and loss account	12	928,683	933,622
<b>Shareholders' funds</b>	12	5,822,405	5,827,344
<b>Analysis of shareholders' funds</b>			
Equity		5,689,405	5,694,344
Non-equity		133,000	133,000
		5,822,405	5,827,344

The financial statements on pages 8 to 15 were approved by the board of directors on 12 April 1999 and signed on its behalf by:



**R G G Carr**  
Director

## **Notes to the financial statements for the year ended 31 December 1998**

### **1 Principal accounting policies**

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

#### **Basis of accounting**

The financial statements are prepared in accordance with the historical cost convention.

#### **Consolidation**

The consolidated financial statements comprise the accounts of the company and its subsidiary undertaking, both of which are made up to 31 December 1998.

On acquisition of a subsidiary undertaking, fair values are attributed to the group's share of net tangible assets. Where the cost of acquisition differs from the values attributable to such net assets, the difference is capitalised as goodwill in accordance with FRS 10. Subject to fair value adjustment, tangible fixed assets are brought in at cost to the acquired subsidiary undertaking, together with the accumulated depreciation attributable to those assets. The results of the subsidiary undertakings acquired during the year are included from the effective date of acquisition.

#### **Cash flow statement**

The company is a subsidiary undertaking of TransTec plc and because over 90% of its voting rights are controlled by TransTec plc it is exempt under the terms of Financial Reporting Standard No.1 from publishing a cash flow statement.

#### **Related party disclosure**

The company is a subsidiary undertaking of TransTec plc and because over 90% of its voting rights are controlled by TransTec plc it has not disclosed details of transactions with other group companies by virtue of the exemption contained in paragraph 3 of Financial Reporting Standard No. 8.

### **2 Profit on ordinary activities before tax**

Auditor's remuneration for the year ended 31 December 1998 has been borne by the ultimate parent undertaking, TransTec plc.

### 3 Directors' emoluments

None of the directors received any emoluments in either year. Directors waived their rights to emoluments as follows:

	1998 £	1997 £
R G G Carr	5,438	5,333
A T Kirkman	5,123	5,333
R J Rimington	5,439	5,334
	<u>16,000</u>	<u>16,000</u>

There were no employees in either year.

### 4 Taxation

	1998 £	1997 £
Taxation charges:		
Corporation tax at 31.0% (1997: 31.5%):		
Currents year's charge	<u>284</u>	<u>3,095</u>

### 5 Dividends

	1998 £	1997 £
Non-equity dividends on cumulative preference shares (note 11):		
30 June paid	2,328	2,327
31 December paid	2,327	2,327
	<u>4,655</u>	<u>4,654</u>

### 6 Profit for the financial year

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the company for the year is not presented as part of these accounts. The loss after tax of the company was £284 (1997: profit of £17,868).

### 7 Earnings per ordinary share

Earnings per ordinary share are calculated in accordance with FRS 14 on the basis of loss after tax and preference dividends of £62,700 (1997: profit of £13,214) and a weighted average of 11,736,000 (1997: 11,736,000) ordinary shares in issue and ranking for dividend during the year.

**8 Investments**

	Group		Company	
	1998	1997	1998	1997
	£	£	£	£
<b>Shares in subsidiary undertakings (at cost):</b>				
At 1 January 1998 and 31 December 1998	-	-	100	100
<b>Loan to group undertaking:</b>				
At 1 January 1998 and 31 December 1998	8,316,855	8,316,855	8,316,855	8,316,855
<b>Net book value</b>	<b>8,316,855</b>	<b>8,316,855</b>	<b>8,316,955</b>	<b>8,316,955</b>

Details of subsidiary undertakings are as follows:

	<i>Holding</i>	<i>Proportion of voting rights and shares held</i>	<i>Nature of Business</i>
<b>Thorncliffe Retentions Limited</b>	Ordinary shares	100%	Dormant

The loan is to a fellow subsidiary undertaking, The Sheerwood Trust Limited, has no fixed date for repayment and is interest-free. At 31 December 1998, The Sheerwood Trust Limited had net liabilities. The ultimate parent undertaking, TransTec plc has guaranteed the debt. The value of the loan to The Sheerwood Trust Limited is therefore dependent upon the support and continuing solvency of the ultimate parent undertaking.

**9 Debtors**

	Group		Company	
	1998	1997	1998	1997
	£	£	£	£
Amounts owed by group undertakings	87,136	79,138	19,586	21,377
Corporation tax	714	714	714	714
	<b>87,850</b>	<b>79,852</b>	<b>20,300</b>	<b>22,091</b>

**10 Creditors**

	Group		Company	
	1998	1997	1998	1997
	£	£	£	£
<b>Amounts falling due within one year:</b>				
Amounts owed to group undertakings	1,322,400	1,249,025	1,254,850	1,249,025
Corporation tax	-	2,677	-	2,677
	<b>1,322,400</b>	<b>1,251,702</b>	<b>1,254,850</b>	<b>1,251,702</b>
<b>Amounts falling due after more than one year:</b>				
Amounts owed to group undertakings	1,260,000	1,260,000	1,260,000	1,260,000

The amount falling due after more than one year is due to the ultimate parent company, TransTec plc. The amount is interest free and repayable after more than five years.

**11 Called up share capital**

	1998 £	1997 £
<b>Authorised:</b>		
13,468,000 ordinary shares of 25p each	3,367,000	3,367,000
133,000 3.5% cumulative first preference shares of £1 each	133,000	133,000
	<u>3,500,000</u>	<u>3,500,000</u>
<b>Allotted, called up and fully paid:</b>		
11,736,000 ordinary shares of 25p each	2,934,000	2,934,000
133,000 3.5% cumulative first preference shares of £1 each	133,000	133,000
	<u>3,067,000</u>	<u>3,067,000</u>

The rate of dividend paid on the preference shares during the year was 3.5% per annum. The dividend rights are cumulative. The preference shares carry the right to vote at meetings and are not redeemable. On a winding up of the company, the preference shareholders have a right to receive, in preference to any payments to the ordinary shareholders, any accrued dividend plus the greater of:

- £1 per share; and
- £1 per share plus the amount by which the daily quotation of a preference share on the London Stock Exchange during the preceeding six months exceeds £1.

**12 Reconciliation of shareholders' funds and movement on reserves**

Group	Share capital £	Share premium £	Other reserves £	Profit & loss account £	Total share- holders' funds £
At 1 January 1997	3,067,000	1,683,722	143,000	978,069	5,871,791
Profit for the year	-	-	-	17,868	17,868
Preference dividends	-	-	-	(4,654)	(4,654)
At 31 December 1997	3,067,000	1,683,722	143,000	991,283	5,885,005
Loss for the year	-	-	-	(58,045)	(58,045)
Preference dividends	-	-	-	(4,655)	(4,655)
At 31 December 1998	<u>3,067,000</u>	<u>1,683,722</u>	<u>143,000</u>	<u>928,583</u>	<u>5,822,305</u>

**12 Reconciliation of shareholders' funds and movement on reserves (continued)**

<b>Company</b>	<b>Share capital £</b>	<b>Share premium £</b>	<b>Other reserves £</b>	<b>Profit &amp; loss account £</b>	<b>Total share- holders' funds £</b>
At 1 January 1997	3,067,000	1,683,722	143,000	920,408	5,814,130
Profit for the year	-	-	-	17,868	17,868
Preference dividends	-	-	-	(4,654)	(4,654)
At 31 December 1997	3,067,000	1,683,722	143,000	933,622	5,827,344
Loss for the year	-	-	-	(284)	(284)
Preference dividends	-	-	-	(4,655)	(4,655)
At 31 December 1998	<u>3,067,000</u>	<u>1,683,722</u>	<u>143,000</u>	<u>928,683</u>	<u>5,822,405</u>

**13 Contingent liabilities**

The company has guaranteed the bank accounts of certain group undertakings. No liability is expected to arise under this arrangement.

**14 Parent undertaking and controlling party**

The company's immediate parent undertaking is Chamconta Limited.

In the directors' opinion the company's ultimate parent undertaking and controlling party is TransTec plc. Copies of its group accounts, which include the company, may be obtained from the company secretary at the following address:

TransTec plc  
2650 Kings Court  
The Crescent  
Birmingham Business Park  
Birmingham  
B37 7YE