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HEATLY & GRESHAM LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 1994



HEATLY & GRESHAM LIMITED

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HEATLY & GRESHAM LIMITED

Registered in England  
on on 15 November 1892  
Number 37554

COMPANY INFORMATION

CHAIRMAN

MR G T VERGHESE

REGISTERED OFFICE

SUITE 28  
4TH FLOOR  
MORLEY HOUSE  
320 REGENT STREET  
LONDON W1R 5AA

DIRECTORS

MR G T VERGHESE  
MR R J ADVANI  
MR T L VERGHESE  
MRS S JOHN (APT.9/1/95)

SECRETARY

MR T L VERGHESE

AUDITORS

HAMSUN & HOGATE  
88-90 LILLIE ROAD  
LONDON SW6 7SR

BANKERS

BANK HAPOALIM B.M.  
LONDON BRANCH  
8-12 BROOK STREET  
LONDON  
W1Y 1AA

HEATLY & GRESHAM LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST DECEMBER 1994

The directors submit their report together with the audited financial statements for the year ended 31st December 1994.

**Principal Activities and Business Review**

The principal activity of the company is that of International traders and Exporters and Importers. During the course of the year the company has entered into acting as commission Agents as well.

**Directors and their Interest in Shares**

The directors who served during the year and their interests, together with the interests of their families, in the share capital of the company was as follows:

	Ordinary Shares of £1 each	
	31st December 1994	31st December 1993
MR G T VERGHESE	-	-
MR R J ADVANI	-	-
MR T L VERGHESE	-	-
MRS S JOHN (APT.9/1/95)	-	-

**Political and Charitable Donations**

During the year the company made no political contributions or charitable donations.

**Directors Statements**

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 and loss of the company for the that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 taking reasonable steps for the prevention and detection of fraud and other irregularities.

HEATLY & GRESHAM LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST DECEMBER 1994

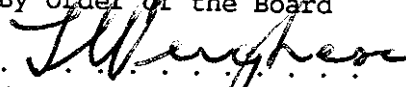
**Auditors**

The Auditors, Messrs HAMSUN & HOGATE, CHARTERED ACCOUNTANTS, have indicated that they are willing to be reappointed at the forthcoming Annual General Meeting.

**Exemption Statement**

In preparing these financial statements the directors have taken advantage of special exemptions applicable to small companies.

By Order of the Board

  
MR T L VERGHEST, Secretary

Date: 20.7.95

HEATLY & GRESHAM LIMITED

AUDITORS REPORT TO THE SHAREHOLDERS

ON THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1994

We have audited the financial statements on pages 5 to 12 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

**Respective responsibilities of the directors and auditors**

As described on page 2 the company's directors are responsible for the preparation of the 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 information and explanations which we consider 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 the 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 31st December 1994 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.

*Hamsun & Hogate*

HAMSUN & HOGATE  
CHARTERED ACCOUNTANTS  
Registered Auditors  
88-90 LILLIE ROAD  
LONDON SW6 7SR

*21st July 1995*  
.....  
Date

HEATLY & GRESHAM LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 1994

	Notes	<u>1994</u> £	<u>1993</u> £
<u>TURNOVER</u>	2	1,303,018	1,486,857
Cost of sales		(1,192,735)	(1,396,460)
<u>GROSS PROFIT</u>		110,283	90,397
Net operating expenses		(100,490)	(101,460)
<u>OPERATING PROFIT/(LOSS)</u>	3	9,793	(11,063)
Income from fixed asset investments		1,500	1,710
Other interest receivable and similar income		516	1,826
<u>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE INTEREST</u>		11,809	(7,527)
Interest payable and similar charges	4	(5,124)	(991)
<u>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</u>		6,685	(8,518)
Tax on profit on ordinary activities	6	1,294	-
<u>PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION</u>		5,391	(8,518)
Balance brought forward		(748)	7,770
<u>RETAINED PROFIT/(LOSS) CARRIED FORWARD</u>		<u>£4,643</u>	<u>£(748)</u>

All amounts relate to continuing activities.

HEATLY & GRESHAM LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31ST DECEMBER 1994

	<u>1994</u> £	<u>1993</u> £
<u>STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES</u>		
Profit/(loss) for the financial year	<u>5,391</u>	<u>(8,518)</u>
Total recognised gains and losses since last annual report	<u>£5,391</u>	<u>£(8,518)</u>

NOTE OF HISTORICAL COST PROFITS AND LOSSES

Reported profit/(loss) on ordinary activities before taxation	<u>6,685</u>	<u>(8,518)</u>
Historical cost profit/(loss) on ordinary activities before taxation	<u>£6,685</u>	<u>£(8,518)</u>
Historical cost profit for the year Retained after taxation, extraordinary items and dividends	<u>£5,391</u>	<u>£(8,518)</u>

RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

Profit/(loss) for the financial year	<u>5,391</u>	<u>(8,518)</u>
Net additions/(subtractions) to Shareholder's funds	<u>5,391</u>	<u>(8,518)</u>
Opening shareholder's funds	<u>6,752</u>	<u>15,270</u>
Closing shareholder's (negative)/funds	<u>£12,143</u>	<u>£6,752</u>



HEATLY & GRESHAM LIMITED

BALANCE SHEET

AS AT 31ST DECEMBER 1994

	Notes	1994	1993
		£	£
<u>FIXED ASSETS</u>			
Tangible assets	7	67	100
Investments	8	22,757	22,757
		<u>22,824</u>	<u>22,857</u>
<u>CURRENT ASSETS</u>			
Debtors	9	3,121	4,154
Cash at bank and in hand		13,306	9,198
		<u>16,427</u>	<u>13,352</u>
CREDITORS: amounts falling due within one year			
Other	10	(8,937)	(11,286)
<u>NET CURRENT ASSETS</u>		<u>7,490</u>	<u>2,066</u>
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		<u>30,314</u>	<u>24,923</u>
CREDITORS: amounts falling due after more than one year	12		
Other		18,171	18,171
		<u>£12,143</u>	<u>£6,752</u>
<u>CAPITAL AND RESERVES</u>			
Called up share capital	13	7,500	7,500
Profit and loss account		4,643	(748)
		<u>£12,143</u>	<u>£6,752</u>

All items under capital and reserves are equity except where shown.

We have taken advantage of the special exemptions applicable to small companies in the preparation of these financial statements. In our opinion the company is entitled to those exemptions.

Approved on: 20.7.95

*G. T. Vergheze*

..... Director

MR G T VERGHESE signed on behalf of the board of directors.

The notes on pages 8 to 12 form part of these financial statements.

HEATLY & GRESHAM LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 1994

1. ACCOUNTING POLICIES

(a) Accounting Convention

The accounts have been prepared on the basis of historical costs and on a going concern basis.

(b) Turnover

Turnover represents the amount invoiced by the company in the normal course of business for goods supplied or services provided, excluding Value Added Tax.

(c) Depreciation

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost or valuation of each asset over its expected useful life as follows:

Furniture and Equipment	- 4 Years
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(d) Deferred Taxation

Deferred taxation is provided on the liability method on all short term timing differences. Provision is also made for long term timing differences, except for those which are not expected to crystallise in the foreseeable future.

(e) Foreign Currency

Transactions denominated in foreign currency are translated into sterling at the average rate of exchange for the month in which transaction took place.

All exchange differences are taken to the profit and loss account.

Assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates ruling at the balance sheet date.

(f) Pension Scheme

The company has a defined contribution pension scheme for the director. The scheme is administered by an independent pension company. The payments due in this respect are charged to the profit and loss account when paid. The charge in the year to the profit and loss account amounted to £3,000 (1993 £4,500). The level of contribution is negotiable between the company and the director annually.

(g) Cashflow Statement

The company has taken advantage of the exemption in the Financial Reporting Standard No.1 from producing a cashflow statement on the grounds that it is a small company.

HEATLY & GRESHAM LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 1994

2. TURNOVER

The turnover and pre-tax profit are attributable to the principal activity of the company.

An analysis of turnover by geographical market is given below:

UK 14.64% (1993 - 5.49%)  
Overseas 85.36% (1993 - 94.51%)

3. OPERATING PROFIT

	<u>1994</u> £	<u>1993</u> £
Net operating expenses for the year are:		
Administrative expenses	100,490	101,460
	<u>£100,490</u>	<u>£101,460</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

Bank overdraft interest	<u>5,124</u>	<u>991</u>
	<u>£5,124</u>	<u>£991</u>

This is stated after charging  
or crediting:

	<u>1994</u> £	<u>1993</u> £
Directors remuneration	33,054	34,003
Auditors remuneration - audit work	850	845
Accountancy	899	1,195
Depreciation	33	33
Loss on foreign exchange	£729	£9,871

	<u>1994</u> £	<u>1993</u> £
Directors remuneration		
Directors remuneration	27,592	27,631
Directors national insurance contributions	2,462	1,872
Directors pension contributions	3,000	4,500
	<u>£33,054</u>	<u>£34,003</u>

HEATLY & GRESHAM LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 1994

5. PENSION COSTS

	<u>1994</u>	<u>1993</u>
	£	£
Pension costs	<u>£3,000</u>	<u>£4,613</u>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	<u>1994</u>	<u>1993</u>
	£	£
Based on the profit for the year:		
U.K. Corporation tax at 25%	500	-
Taxation under provided in respect of previous years	794	-
	<u>£1,294</u>	<u>-</u>

7. TANGIBLE FIXED ASSETS

	<u>Furniture and Equipment</u>
	£
<b>COST</b>	
At 1st January 1994	<u>1,944</u>
At 31st December 1994	<u>1,944</u>
<b>DEPRECIATION</b>	
At 1st January 1994	1,844
Charged during the year	33
At 31st December 1994	<u>1,877</u>
<b>NET BOOK VALUE</b>	
At 31st December 1994	<u>£67</u>
At 31st December 1993	<u>£100</u>

8. INVESTMENTS

	<u>Unlisted Investments</u>
	£
<b>COST</b>	
At 1st January 1994	<u>22,757</u>
At 31st December 1994	<u>£22,757</u>

HEATLY & GRESHAM LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 1994

8. INVESTMENTS (Continued)

The company holds 40% of the share capital of Heatly & Gresham (India) Limited, a private limited company registered in India. In the opinion of the directors, the value of this investment is in excess of its book value.

The company does not consider Heatly & Gresham (India) Limited as its associated company for accounting purposes as no control is exercised over the investee company and there is no board representation.

9. DEBTORS

	<u>1994</u>	<u>1993</u>
	£	£
Other debtors & deposits	1,059	794
Prepayments & accrued income	2,062	3,360
	<u>£3,121</u>	<u>£4,154</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>1994</u>	<u>1993</u>
	£	£
Other amounts:		
Corporation tax	500	-
Other creditors	5,726	1,759
Accruals & deferred income	2,711	9,527
	<u>£8,937</u>	<u>£11,286</u>

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	<u>1994</u>	<u>1993</u>
	£	£
Other amounts:		
Holding company	18,171	18,171
	<u>£18,171</u>	<u>£18,171</u>

The company is a wholly owned subsidiary of Pelonia Establishment, incorporated in Leichtenstein. The above loan is interest-free and with no specific repayment terms.

12. DEFERRED TAXATION

Provision is not made for taxation deferred in respect of timing differences, as in the opinion of the Directors there is a reasonable probability that the liability will not arise in the foreseeable future.

HEATLY & GRESHAM LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 1994

13. SHARE CAPITAL

	<u>1994</u>	<u>1993</u>
Authorised		
10,000 ordinary shares of £1 each	<u>£10,000</u>	<u>£10,000</u>
Allotted, called up and fully paid		
7,500 ordinary shares of £1 each	<u>£7,500</u>	<u>£7,500</u>

14. POST BALANCE SHEET EVENTS

There have been no events since the Balance sheet date which materially affect the position of the company at the year end.

15. RELATED PARTY TRANSACTIONS

The company has paid £2,456 (1993 - £2,315) during the year towards management charges to Pelonia Establishment, it's holding company.