

**BROWN SHIPLEY DEVELOPMENT CAPITAL LIMITED**

**DIRECTORS' REPORT AND ACCOUNTS**

**FOR THE YEAR ENDED**

**31ST DECEMBER 1994**

**Registered Number 769039**



## **BROWN SHIPLEY DEVELOPMENT CAPITAL LIMITED**

### **DIRECTORS' REPORT**

The directors present their report and the accounts for the year ended 31 December 1994 which were approved at a meeting on 8 February 1995.

#### **PRINCIPAL ACTIVITY AND BUSINESS REVIEW**

The principal activity of the company continued to be that of an investment company. No change is expected in this principal activity.

#### **RESULTS**

|   | £                  |
|---|--------------------|
| Profit and loss account brought forward | 712,227            |
| Profit for the year                     | <u>468,766</u>     |
|   | 1,180,993          |
| Dividend paid                           | ( <u>925,000</u> ) |
| Profit and loss account carried forward | <u>£ 255,993</u>   |

#### **DIVIDEND**

On 14 December 1994, the directors declared and paid a dividend of £925,000 to Brown, Shipley & Co. Limited. The directors recommend that no final dividend be paid in respect of the year ended 31 December 1994.

#### **DIRECTORS DURING THE YEAR**

|                   |                              |
|-------------------|------------------------------|
| R M Mansell-Jones | (Chairman)                   |
| D J Wills         | (Managing Director)          |
| M J Hallala       | (Appointed 31 March 1994)    |
| C R F Kemp        |                              |
| A D Moye          | (Appointed 9 November 1994)  |
| R D Parker        |                              |
| R V Thompson      | (Appointed 9 November 1994)  |
| T M Trowell       | (Resigned 30 September 1994) |

The directors received no remuneration from the company during the year.

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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;
- prepare the financial statements on a 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. 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**

Touche Ross & Co. have expressed their willingness to continue in office as auditors.

**By order of the Board**



**BROWN, SHIPLEY & CO. LIMITED**  
Secretaries

Founders Court  
Lothbury  
London EC2R 7HE

27 February 1995

**BROWN SHIPLEY DEVELOPMENT CAPITAL LIMITED**

**PROFIT AND LOSS ACCOUNT**

**for the year ended 31 December 1994**

|   | <b>NOTE</b> | <b>1994</b>      | <b>1993</b>       |
|---|-------------|------------------|-------------------|
|   |             | <b>£</b>         | <b>£</b>          |
| <b>INCOME FROM FIXED ASSET INVESTMENTS</b>                  |             |                  |                   |
| Listed investments:   |             |                  |                   |
| Franked   |             | -                | 413               |
| Unlisted investments:                                       |             |                  |                   |
| Franked   |             | 1,429,555        | 1,555,828         |
| Unfranked   |             | 465,461          | 499,926           |
| <b>ADMINISTRATIVE EXPENSES</b>                              |             | (1,335,491)      | (1,471,912)       |
| <b>PROVISIONS AND NET PROFIT<br/>ON SALE OF INVESTMENTS</b> |             | <u>-</u>         | <u>125,371</u>    |
| <b>OPERATING PROFIT</b>                                     |             | 559,525          | 709,626           |
| <b>INTEREST RECEIVABLE AND<br/>SIMILAR INCOME</b>           |             |                  |                   |
| Bank interest   |             | 37,487           | -                 |
| <b>INTEREST PAYABLE AND SIMILAR CHARGES</b>                 |             |                  |                   |
| Bank interest   |             | <u>-</u>         | <u>( 129,677)</u> |
| <b>PROFIT ON ORDINARY ACTIVITIES<br/>BEFORE TAXATION</b>    | 2           | 597,012          | 579,949           |
| Tax on profit on ordinary activities                        | 4           | <u>(128,246)</u> | <u>( 85,836)</u>  |
| <b>PROFIT FOR THE YEAR</b>                                  |             | 468,766          | 494,113           |
| Profit and loss account brought forward                     |             | 712,227          | 718,114           |
| Dividend paid   |             | <u>(925,000)</u> | <u>( 500,000)</u> |
| <b>PROFIT AND LOSS ACCOUNT CARRIED FORWARD</b>              |             | <u>£255,993</u>  | <u>£ 712,227</u>  |

The company has no recognised gains or losses other than those included in the profits above and, therefore, no separate statement of total recognised gains and losses has been prepared.

All items reflected in the above profit and loss account derive from continuing activities.

There is no difference between the profit on ordinary activities before taxation and the profit for the year stated above, and their historical cost equivalents.

The notes on pages 7 to 11 form part of these accounts.

**BROWN SHIPLEY DEVELOPMENT CAPITAL LIMITED**

**BALANCE SHEET**

**at 31 December 1994**

|  | NOTE | 1994            | 1993            |
|--|------|-----------------|-----------------|
|  |      | £               | £               |
| <b>FIXED ASSETS</b>                            |      |                 |                 |
| Investments                                    | 5    | 105,551         | 109,478         |
| Investments in subsidiaries                    | 6    | <u>2,552</u>    | <u>2,552</u>    |
|  |      | 108,103         | 112,030         |
| <b>CURRENT ASSETS</b>                          |      |                 |                 |
| Debtors  |      |                 |                 |
| Trade debtors                                  |      | 4,880           | 23,066          |
| Corporation tax recoverable                    |      | 172,917         | 269,076         |
| Prepayments                                    |      | 619             | 600             |
| Cash at bank                                   |      | <u>99,355</u>   | <u>482,714</u>  |
|  |      | <u>277,771</u>  | <u>775,456</u>  |
| <b>CURRENT LIABILITIES</b>                     |      |                 |                 |
| Creditors: amounts falling due within one year |      |                 |                 |
| Trade creditors                                |      | 20,325          | 63,346          |
| Amounts owed to group companies                |      | -               | 5,783           |
| Accruals                                       |      | <u>9,556</u>    | <u>6,130</u>    |
|  |      | <u>29,881</u>   | <u>75,259</u>   |
| <b>NET CURRENT ASSETS</b>                      |      | 247,890         | 700,197         |
|  |      | <u>£355,993</u> | <u>£812,227</u> |
| <b>CAPITAL AND RESERVES</b>                    |      |                 |                 |
| Called-up share capital                        | 8    | 100,000         | 100,000         |
| Profit and loss account                        | 9    | <u>255,993</u>  | <u>712,227</u>  |
| <b>EQUITY SHAREHOLDERS' FUNDS</b>              | 10   | <u>£355,993</u> | <u>£812,227</u> |

Approved by the Board on 27 February 1995

D J Wills       )  
                  )  
M J Hallala     )

Directors

*David J Wills*  
*M. J. Hallala*

The notes on pages 7 to 11 form part of these accounts.

**BROWN SHIPLEY DEVELOPMENT CAPITAL LIMITED**

**CASH FLOW STATEMENT**

**for the year ended 31 December 1994**

|   | NOTE | 1994       | 1993       |
|---|------|------------|------------|
|   |      | £          | £          |
| <b>NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>            | 1    | 569,801    | (237,050)  |
| <b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>                |      |            |            |
| Dividends paid to group companies                                     |      | (925,000)  | (500,000)  |
| Net cash outflow from returns on investments and servicing of finance |      | (925,000)  | (500,000)  |
| <b>TAXATION</b>   |      |            |            |
| Group relief received   |      | -          | 157,839    |
| Corporation tax repayment   |      | 263,651    | 140,084    |
| Tax on franked investment income                                      |      | (295,738)  | (407,912)  |
| Total taxation paid   |      | ( 32,087)  | (109,989)  |
| <b>INVESTING ACTIVITIES</b>   |      |            |            |
| Purchase of trade investments   |      | -          | (400,000)  |
| Sale of trade investments   |      | 3,927      | 4,092,531  |
| Net cash inflow from investing activities                             |      | 3,927      | 3,692,531  |
| <b>(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>               | 2    | £(383,359) | £2,845,492 |

# BROWN SHIPLEY DEVELOPMENT CAPITAL LIMITED

## NOTES TO THE CASH FLOW STATEMENT

1. Reconciliation of operating profit to net cash inflow/(outflow) from operating activities

|   | 1994            | 1993              |
|---|-----------------|-------------------|
|   | £               | £                 |
| Operating profit                                    | 597,012         | 454,578           |
| Decrease in trade debtors                           | 18,186          | 228,822           |
| Increase in prepayments                             | ( 19)           | ( 600)            |
| (Decrease)/increase in trade creditors              | ( 43,021)       | 49,293            |
| Decrease in amounts owed to group companies         | ( 5,783)        | (975,273)         |
| Increase in accruals                                | <u>3,426</u>    | <u>6,130</u>      |
| Net cash inflow/(outflow) from operating activities | <u>£569,801</u> | <u>£(237,050)</u> |

2. Analysis of changes in cash and cash equivalents

|                           | 1994             | 1993             |
|---------------------------|------------------|------------------|
|                           | £                | £                |
| Balance at 1 January      | 482,714          | (2,362,778)      |
| Net cash (outflow)/inflow | <u>(383,359)</u> | <u>2,845,492</u> |
| Balance at 31 December    | <u>£ 99,355</u>  | <u>£ 482,714</u> |

This balance is shown as cash at bank in the balance sheet.

## **BROWN SHIPLEY DEVELOPMENT CAPITAL LIMITED**

### **NOTES TO THE ACCOUNTS**

#### **1. ACCOUNTING POLICIES**

- (a) The accounts of the company are prepared on the historical cost basis and have been prepared in accordance with applicable accounting standards.
- (b) Profits less losses on sale of investments are included in profit for the year.
- (c) Deferred taxation is calculated using the liability method and is provided to the extent that it is probable that a liability or asset will crystallise.
- (d) Provisions are made in respect of unlisted investments, for a permanent diminution in value.
- (e) Unlisted investments are valued at cost less provisions for any permanent diminution in value.

#### **2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

Profit on ordinary activities before taxation is shown after charging:

|                        | <b>1994</b>          | <b>1993</b>          |
|------------------------|----------------------|----------------------|
|                        | <b>£</b>             | <b>£</b>             |
| Auditor's remuneration | <b><u>£2,430</u></b> | <b><u>£3,650</u></b> |

#### **3. EMPLOYEES' AND DIRECTORS' EMOLUMENTS**

There were no employees of the company in the United Kingdom during the year (1993 : nil ).

The directors received no remuneration from the company during the year.



# BROWN SHIPLEY DEVELOPMENT CAPITAL LIMITED

## NOTES TO THE ACCOUNTS (continued)

### 4. TAX ON PROFIT ON ORDINARY ACTIVITIES

|  | 1994       | 1993          |
|--|------------|---------------|
|  | £          | £             |
| Tax credits on franked investment income | (122,821)  | (138,836)     |
| Prior year adjustment                    | ( 5,425)   | -             |
| Deferred taxation                        | <u>-</u>   | <u>53,000</u> |
|  | £(128,246) | £( 85,836)    |

Corporation tax on profit for the year represents unrecovered tax credits on franked investment income.

The company has capital losses of £306,000 (1993: £306,000) carried forward and available for relief against future capital gains.

### 5. FIXED ASSET INVESTMENTS

|  | 1994      | 1993      |
|--|-----------|-----------|
|  | £         | £         |
| Shares in unlisted companies           | 105,361   | 109,288   |
| Brown Shipley Development Capital Fund | 119       | 119       |
| The Second Brown Shipley Fund          | <u>71</u> | <u>71</u> |
|  | £105,551  | £109,478  |

The investments listed above are shown at their net book value after eliminating any specific provisions against these investments.

The directors' valuation of unlisted investments was in excess of book value.

# **BROWN SHIPLEY DEVELOPMENT CAPITAL LIMITED**

## **NOTES TO THE ACCOUNTS (continued)**

The movement during the year was as follows:

|                   | 1994             | 1993                 |
|-------------------|------------------|----------------------|
|                   | £                | £                    |
| As at 1 January   | 109,478          | 4,569,514            |
| Additions         | -                | 400,000              |
| Disposals at cost | ( <u>3,927</u> ) | ( <u>4,860,036</u> ) |
| As at 31 December | <u>£105,551</u>  | <u>£ 109,478</u>     |

There are no holdings included in the unlisted investments in excess of 10% of the issued share capital of any class of the investee company.

## **6. INVESTMENTS IN SUBSIDIARIES**

|  | Country of<br>Registration | Holding                    | % of Class |
|--|----------------------------|----------------------------|------------|
| BSD Nominees Limited<br>(Nominee Company)                      | England<br>and Wales       | 2 £1<br>Ord Shares         | 100%       |
| Brown Shipley Venture Managers Limited<br>(Investment Manager) | England<br>and Wales       | 2,550 £1<br>'B' Ord Shares | 100%       |

Investments in subsidiaries are stated at cost.

Consolidated accounts have not been prepared because the company is a wholly owned subsidiary of a company incorporated in the United Kingdom.

**BROWN SHIPLEY DEVELOPMENT CAPITAL LIMITED**

**NOTES TO THE ACCOUNTS (continued)**

**7. DEFERRED TAXATION**

The movement on the deferred tax account is as follows:

|                        | <b>1994</b>     | <b>1993</b>     |
|------------------------|-----------------|-----------------|
|                        | <b>£</b>        | <b>£</b>        |
| Balance at 1 January   | -               | (53,000)        |
| Current period credit  | <u>-</u>        | <u>53,000</u>   |
| Balance at 31 December | <u><u>-</u></u> | <u><u>-</u></u> |

There is no deferred tax to be provided for in the financial statements.

**8. CALLED UP SHARE CAPITAL**

|                                    | <b>1994</b>     | <b>1993</b>     |
|------------------------------------|-----------------|-----------------|
|                                    | <b>£</b>        | <b>£</b>        |
| Authorised:                        |                 |                 |
| 250,000 Ordinary Shares of £1 each | <u>£250,000</u> | <u>£250,000</u> |
| Allotted and fully paid:           |                 |                 |
| 100,000 Ordinary Shares of £1 each | <u>£100,000</u> | <u>£100,000</u> |

# **BROWN SHIPLEY DEVELOPMENT CAPITAL LIMITED**

## **NOTES TO THE ACCOUNTS (continued)**

### **9. PROFIT AND LOSS ACCOUNT**

|                             | £               |
|-----------------------------|-----------------|
| Balance at 1 January 1994   | 712,227         |
| Profit for the year         | 468,766         |
| Dividend paid               | (925,000)       |
| Balance at 31 December 1994 | <u>£255,993</u> |

### **10. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

|                               | 1994            | 1993            |
|-------------------------------|-----------------|-----------------|
|                               | £               | £               |
| Profit for the financial year | 468,766         | 494,113         |
| Dividend paid                 | (925,000)       | (500,000)       |
| Opening shareholders' funds   | <u>812,227</u>  | <u>818,114</u>  |
| Closing shareholders' funds   | <u>£355,993</u> | <u>£812,227</u> |

### **11. ULTIMATE PARENT COMPANY**

Brown Shipley Development Capital Limited is a subsidiary of Brown, Shipley & Co. Limited, incorporated in Great Britain and registered in England and Wales.

The directors regard Kredietbank S.A. Luxembourgeoise, incorporated and registered in Luxembourg, as the company's ultimate parent company.

Group accounts for Brown, Shipley & Co. Limited and Kredietbank S.A. Luxembourgeoise are available to the public and can be obtained by application to the company secretaries at the address on page 2.

## **REPORT OF THE AUDITORS**

### **TO THE MEMBERS OF BROWN SHIPLEY DEVELOPMENT CAPITAL LIMITED**

We have audited the financial statements on pages 3 to 11 which have been prepared under the accounting policies set out on page 7.

#### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

As described in the directors' report on page 1 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.

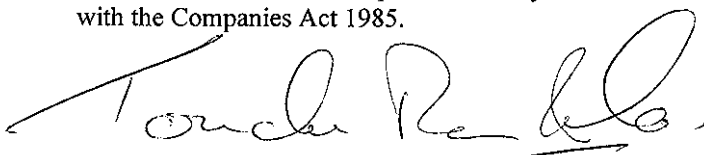
#### **BASIS OF OPINION**

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 mis-statement, 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 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**TOUCHE ROSS & CO.**

Chartered Accountants and Registered Auditors  
Stonecutter Court  
1 Stonecutter Street  
London EC4A 4TR

27 February 1995