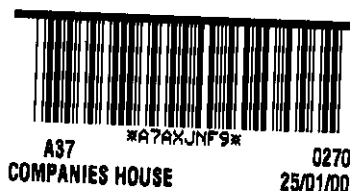


SUMMIT FINANCE LIMITED

Annual Report and Financial Statements **For the Year Ended 31st March 1999**

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Directors:

G. D. Berger
P. L. Simmons

Registered number:

797143

Secretary & Registered Office:

G. D. Berger
51 Blair Court
Boundary Road
London NW8 6NT

Auditors:

A.G. Eastwood & Co.
Whitley Cottage
Goathurst Common
Ide Hill
Sevenoaks
Kent TN14 6BU

SUMMIT FINANCE LIMITED

REPORT OF THE DIRECTORS

The Directors present their Report and the audited financial statements of the Company for the year ended 31st March 1999.

Directors' Responsibilities

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;
- 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.

Principal Activity

The principal activity of the Company continued to be that of financiers and dealers in securities.

Political and Charitable Donations

During 1998 the Company made charitable donations amounting to £33,399.

Directors and their Interests

The Directors of the Company throughout the year were:-

H. Cohen (resigned 1st November 1999)
G. D. Berger
P. L. Simmons

All the Directors serving at the year end were also directors of the ultimate holding company, CFH Holdings Limited, at the year end, and their interests in the share capital of that company are shown in its own Directors' Report.


Auditors

A resolution for the re-appointment of Messrs. A.G. Eastwood & Co. as the Company's Auditors will be proposed at the Annual General Meeting.

Statement of Basis of Preparation

The Directors' Report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies. Further information regarding this basis of preparation is given in Note 1 of the Financial Statements.

On Behalf of the Board



P. L. SIMMONS
Director

25th January 2000

AUDITORS REPORT

TO THE MEMBERS OF SUMMIT FINANCE LIMITED

We have audited the financial statements set out on pages 3 to 7 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective March 1999), under the historical cost convention and the accounting policies set out on page 5.

Respective Responsibilities of Directors and Auditors

As described on page 1 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 the Auditing Standards issued by the Auditing Practices Board. An audit includes an 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-statements, 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.

Qualified Opinion arising from disagreement about disclosures

As explained in Note 1 of the financial statements, the Company has taken advantage of the special provisions of Part VII of the Companies Act 1985 relating to small companies and of the Financial Reporting Standard for Smaller Entities (effective March 1999) in the preparation of its financial statements when not eligible so to do due to the inclusion in the group of a public limited company at the balance sheet date. As a consequence the financial statements do not give all the information required by the Companies Act 1985 about the Company's results for the year and its state of affairs at 31st March 1999.

As also explained in Note 1, the financial statements do not contain a statement of cash flows, as required by Financial Reporting Standard No. 1 "Cash Flow Statements" in view of the Company's ineligibility to prepare small company accounts. Net cash inflow for the year ended 31st March 1999 amounted to £131.

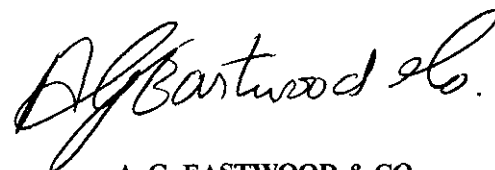
Going Concern

In forming our opinion, we have considered the adequacy of the disclosures made in Note 1 of the financial statements concerning the availability of continued financial support from the ultimate holding company. In view of the significance of this matter we consider it should be drawn to your attention, but our opinion is not qualified in this respect.

Opinion

Except for the failure to prepare full company accounts under Schedule 4 of the Companies Act 1985 and information about the Company's cash flows, in our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 31st March 1999 and of its profit for the year then ended and have otherwise been properly prepared in accordance with the Companies Act 1985.

Whitley Cottage
Goathurst Common
Ide Hill
Sevenoaks
Kent
TN14 6BU



A. G. EASTWOOD & CO.
Chartered Accountants
Registered Auditor

25th January 2000

SUMMIT FINANCE LIMITED

PROFIT & LOSS ACCOUNT **FOR THE YEAR ENDED 31ST MARCH 1999**

	<u>Note</u>	<u>1999</u> <u>£</u>	<u>1998</u> <u>£</u>
Turnover	1	477,690	828,723
Cost of sales		-	(775)
Gross profit		477,690	827,948
Operating expenses	2	(420,428)	(407,227)
Profit on ordinary activities before taxation		57,262	420,721
Taxation	3	(7,088)	(49,294)
Retained profit for the year		50,174	371,427
Retained profit brought forward		410,190	38,763
Retained profit carried forward		£460,364	£410,190

The notes on pages 5 to 7 form part of these financial statements.

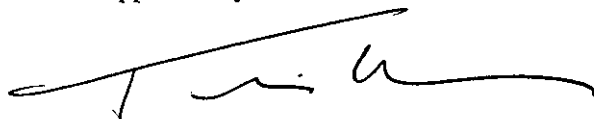
SUMMIT FINANCE LIMITED

BALANCE SHEET AS AT 31ST MARCH 1999

	<u>Note</u>	<u>1999</u> £	<u>1998</u> £
<u>CURRENT ASSETS</u>			
Stock of securities	1	109,820	84,452
Debtors	4	1,306,388	3,186,867
Cash at bank		2,665	2,534
		<hr/>	<hr/>
		1,418,873	3,273,853
<u>CREDITORS</u>			
Amounts falling due within one year	5	(940,507)	(2,845,661)
		<hr/>	<hr/>
<u>NET CURRENT ASSETS</u>		£478,366	£428,192
		<hr/>	<hr/>
<u>CAPITAL & RESERVES</u>			
Called up share capital	6	18,002	18,002
Profit and loss account		460,364	410,190
		<hr/>	<hr/>
<u>SHAREHOLDERS' FUNDS</u>		£478,366	£428,192
		<hr/>	<hr/>

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 1999).

Approved by the Board of Directors on 25th January 2000 and signed on its behalf by:



P. L. SIMMONS
Director

The notes on pages 5 to 7 form part of these financial statements.

SUMMIT FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH 1999

1. ACCOUNTING POLICIES

- a) **Basis of Preparation.** The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The Company relies upon the financial support of its ultimate holding company, CFH Holdings Limited, by way of the continued availability of the inter-company loan account shown in Note 5. The Directors consider it appropriate for the accounts to be prepared on a going concern basis, as confirmation of such continued financial support has been received.

The Company is a member of a group which contained a wholly-owned subsidiary undertaking which was a public limited company at the Balance Sheet date. On 16th July 1999 that public limited company re-registered as a private limited company. However, as this took place after the year end, the Company is not entitled for the year ended 31st March 1999 to the exemptions conferred by Part VII of the Companies Act 1985 relating to small companies or by the Financial Reporting Standard for Smaller Entities (effective March 1999). The Company is also not exempt from the requirement under Financial Reporting Standard No. 1 to produce a cash flow statement. In the preparation of these accounts the Directors have taken advantage of these exemptions on the grounds that there was no public interest in the public limited company, that it reverted to private status after the Balance Sheet date and that, in their opinion, no material or meaningful information has been omitted as a result of these exemptions.

- b) **Turnover.** Turnover comprises the sale of securities, interest and fees receivable on loans and bank interest receivable.
- c) **Interest.** Interest received and paid is an integral part of the Company's trade of financiers and all interest relating to that trade is thus included in turnover and cost of sales respectively, in order to reflect the Company's trading results more accurately.
- d) **Stock of Securities.** Stock of securities is stated at the lower of cost and net realisable value at the Balance Sheet date, based on the opinion of the Directors for unquoted securities and the market value for quoted securities.
- e) **Loans and Advances.** Loans and advances are stated net of any specific provisions required to reduce loans to the amounts recoverable.

2. OPERATING EXPENSES

These are arrived at after charging:	<u>1999</u>	<u>1998</u>
Directors' remuneration	£87,600	£82,000
Directors' pension contributions	£189,700	£253,000

During the year retirement benefits were accruing to 1 Director (1998 - 1) in respect of a money purchase pension scheme.

Audit fees have been borne by the ultimate holding company.

SUMMIT FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH 1999

3. **TAXATION**

The taxation charge comprises:

	<u>1999</u>	<u>1998</u>
UK corporation tax at a rate of 21% (1998 – 31%) on the taxable profit for the year (after group relief in 1998)	<u>£7,088</u>	<u>£49,294</u>

4. **DEBTORS (all falling due within one year)**

	<u>£</u>	<u>£</u>
Loans & advances - fellow subsidiaries	734,903	1,126,783
- third parties	502,754	2,056,214
Income tax recoverable	68,731	2,136
Accrued income	-	733
Other debtors	-	1,001
	<u>£1,306,388</u>	<u>£3,186,867</u>

5. **CREDITORS (all falling due within one year)**

	<u>£</u>	<u>£</u>
Amount due to ultimate holding company	853,867	2,609,970
Amount due to fellow subsidiary	-	153,124
Corporation tax	7,088	51,294
Other taxation	46,055	276
Other creditors & accruals	33,497	30,997
	<u>£940,507</u>	<u>£2,845,661</u>

The amount due to the ultimate holding company is secured.

6. **CALLED UP SHARE CAPITAL**

Authorised:		
20,000 Ordinary Shares of £1 each	<u>£20,000</u>	<u>£20,000</u>
Allotted, called-up and fully paid:		
18,002 Ordinary Shares of £1 each	<u>£18,002</u>	<u>£18,002</u>

SUMMIT FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH 1999

7. ULTIMATE HOLDING COMPANY

Throughout the year the Company's ultimate holding company was CFH Holdings Limited, a company incorporated in England.

The ultimate holding company has not produced consolidated financial statements even though, although the group is medium-sized, it is obliged to do so because of the inclusion of a public limited company in the group at the balance sheet date. The reasons for this omission are the same as those outlined in Note 1(a).

8. RELATED PARTY TRANSACTIONS

Details of control of the Company during the year are given in Note 7. All the Directors at 31st March 1999 were Directors of and ultimate shareholders in CFH Holdings Limited at that date.

At 31st March 1999 the Company owed £853,867 (1998 - £2,609,970) to CFH Holdings Limited. This loan is interest-free.

At 31st March 1999 the Company had made a loan to a fellow subsidiary (Bushey Acceptances Limited) which amounted to £734,903 (1998 - £1,126,783). Included in turnover is £409,265 (1998 - £55,755) of interest and fees from loans to subsidiaries. Included in operating expenses is a credit of £23,621 being a release of bad debt provision against the loan (1998 - debit provision of £27,408).

At 31st March 1999 the Company had made a loan amounting to £502,754 (1998 - £703,293) to Cloverdale Homes Limited, a company of which Mr. H. Cohen was a Director and shareholder. During the year interest earned on the loan amounted to £26,101 - (1998 - £76,294). At 31st March 1998 £93,806 of interest was outstanding.

At 31st March 1998 the Company had made a loan of £247,000 to a related party of Mr. H. Cohen. During 1999 the loan was repaid and the interest earned on the loan amounted to £20,423 (1998 - £26,653).

During the year the Company made a short term loan of £273,000 (1998 - £360,000) to Luross Finance Limited, a company of which Mr. G.D. Berger was a Director and controller. The loan was repaid during the year and interest of £864 (1998 - £710) is included in turnover.

Included in creditors at 31st March 1998 in Note 5 is £153,124 in respect of a group relief payment due to a fellow subsidiary, Bushey Acceptances Limited, for the year ended 31st March 1998.

During the year the Company paid consultancy fees of £2,000 (1998 - £2,000) to Luross Finance Limited, a company of which Mr. G.D. Berger was a Director and controller, and consultancy fees of £3,300 (1998 - nil) to a related party of Mr. P.L. Simmons. £1,000 (1998 - nil) of the consultancy fees to Luross Finance Limited were outstanding at the year end and are included in creditors.