

# **SUMMIT FINANCE LIMITED**

## **Annual Report and Financial Statements** **For the Year Ended 31st March 1997**

### **CONTENTS**

Page	1	Report of the Directors
	2	Report of the Auditors
	3	Profit and Loss Account
	4	Balance Sheet
	5-7	Notes forming Part of the Financial Statements

**Directors:**

H. Cohen  
G. D. Berger  
P. L. Simmons

**Registered number:**

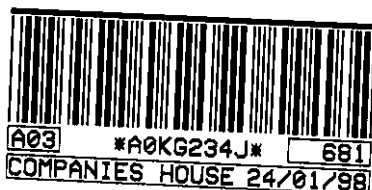
797143

**Secretary & Registered Office:**

G. D. Berger  
54 Hawtrey Road  
London NW3 3SS

**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 1997.

### **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 the year the company made charitable donations amounting to £55,408 (1996 - £32,467).

### **Directors and their Interests**

The Directors of the company throughout the year were:-

H. Cohen  
G. D. Berger  
P. L. Simmons

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

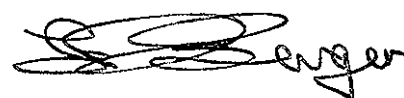
### **Auditors**

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 is prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By Order of the Board



**G. D. BERGER**  
Secretary

4th September 1997

# **AUDITORS REPORT**

## **TO THE MEMBERS OF SUMMIT FINANCE LIMITED**

We have audited the accounts set out on pages 3 to 7 which have been prepared 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.

### **Fundamental uncertainty**

In forming our opinion, we have considered the recoverability and therefore the value of the loan to a fellow subsidiary, the circumstances of which are fully described in Note 4. For the reasons stated in that note, the Directors have not been able to quantify the possible under-recovery of the debt, but it could cause there to be a very material charge to the profit and loss account and shareholders' funds shown in these accounts. Our opinion is not qualified in this respect.

### **Opinion**

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31st March 1997 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.

Whitley Cottage  
Goathurst Common  
Ide Hill  
Sevenoaks  
Kent  
TN14 6BU



4th September 1997

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

**SUMMIT FINANCE LIMITED**

**PROFIT & LOSS ACCOUNT**

**FOR THE YEAR ENDED 31ST MARCH 1997**

	<u>Note</u>	<u>1997</u> £	<u>1996</u> £
Turnover	1	489,276	342,554
Cost of sales		( 6,670 )	( 379,161 )
Gross profit/(loss)		482,606	( 36,607 )
Operating expenses	2	( 157,868 )	( 48,896 )
Profit/(loss) on ordinary activities		324,738	( 85,503 )
Non-trade interest received		1,488	721
Profit/(loss) before taxation		326,226	( 84,782 )
Taxation	3	( 203,479 )	( 26,957 )
Retained profit/(loss) for the year		122,747	( 111,739 )
Retained profit/(deficit) brought forward		( 83,984 )	27,755
Retained profit/(deficit) carried forward		£38,763	£( 83,984 )

There were no acquisitions or discontinued operations and no recognised gains or losses other than those recognised in the profit and loss account during either year.

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

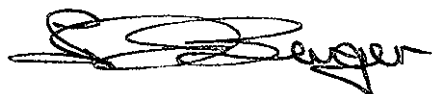
# **SUMMIT FINANCE LIMITED**

## **BALANCE SHEET AS AT 31ST MARCH 1997**

	<u>Note</u>	<u>1997</u> £	<u>1996</u> £
<b><u>CURRENT ASSETS</u></b>			
Stock of securities		85,227	9,455
Debtors	4	4,502,155	4,131,471
Cash at bank		4,892	34,575
		<hr/>	<hr/>
		4,592,274	4,175,501
<b><u>CREDITORS</u></b>			
Amounts falling due within one year	5	( 4,535,509 )	( 4,241,483 )
		<hr/>	<hr/>
<b><u>NET CURRENT ASSETS/(LIABILITIES)</u></b>		£56,765	£( 65,982 )
		<hr/>	<hr/>
<b><u>CAPITAL &amp; RESERVES</u></b>			
Called up share capital - equity	6	18,002	18,002
Profit and loss account		38,763	( 83,984 )
		<hr/>	<hr/>
<b><u>SHAREHOLDERS' FUNDS/(DEFICIT)</u></b>	7	£56,765	£( 65,982 )
		<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.

Approved by the Board of Directors on 4th September 1997 and signed on its behalf by:



**G. D. BERGER**  
Director

# **SUMMIT FINANCE LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH 1997**

### 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 parent company, CFH Holdings Limited, by way of the continued availability of the inter-company loan account shown in Note 8. 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.

- 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.
- 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 Directors' remuneration of £82,000 (1996 - nil).

Audit fees have been borne by the ultimate holding company.

### 3. **TAXATION**

The taxation charge comprises:

	<u>1997</u>	<u>1996</u>
	<u>£</u>	<u>£</u>
UK corporation tax at a rate of 25% on the taxable profit for the year after group relief	2,000	2,143
Payment for group relief	201,479	24,814
	<hr/>	<hr/>
	£203,479	£26,957
	<hr/>	<hr/>

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

	<u>£</u>	<u>£</u>
Loans & advances - fellow subsidiaries	2,354,043	2,249,320
- third parties	2,116,599	1,821,588
Income tax recoverable	7,354	40,541
Accrued income	24,159	20,022
	<hr/>	<hr/>
	£4,502,155	£4,131,471
	<hr/>	<hr/>

# SUMMIT FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH 1997

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

Included in loans and advances to fellow subsidiaries is a loan of £995,440 (1996 - £845,328) to fund a piece of land held for development. The success of the development is dependent upon future events. Based on advice received, the Directors believe it will prove to be of a value in excess of cost and therefore the loan, together with interest and fees due, will be recovered. However, if the advice received proves inaccurate, the net realisable value of the land will be less than cost and the fellow subsidiary will be unable to repay the loan in full. Due to the nature of the land and its uncertain future use, the Directors have not been able to ascertain a net realisable value in its current condition and are therefore unable to quantify the possible shortfall of debt repayment.

5. <b><u>CREDITORS (all falling due within one year)</u></b>	<b><u>1997</u></b>	<b><u>1996</u></b>
	£	£
Bank loan	-	280,000
Amount due to ultimate holding company	4,287,754	3,932,290
Amount due to fellow subsidiary re group relief	201,479	24,814
Corporation tax	2,000	4,279
Accruals	44,276	100
	<hr/>	<hr/>
	£4,535,509	£4,241,483
	<hr/>	<hr/>

The amount due to the ultimate holding company is secured by a fixed and floating charge over all of the Company's assets.

6. **CALLED UP SHARE CAPITAL**

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

7. <b><u>MOVEMENT IN SHAREHOLDERS' FUNDS</u></b>	£	£
Shareholders' funds at 1st April 1996	( 65,982 )	45,757
Retained profit/(loss) for the year	122,747	( 111,739 )
	<hr/>	<hr/>
Shareholders' funds at 31st March 1997	£56,765	£( 65,982 )
	<hr/>	<hr/>

# **SUMMIT FINANCE LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH 1997**

### **8. ULTIMATE HOLDING COMPANY**

During the year, the Company's immediate holding company was Bayheath Property Group Limited, and its ultimate holding company was CFH Holdings Limited, both companies incorporated in England. On 31st March 1997, Bayheath Property Group Limited transferred its shareholding in Summit Finance Limited to CFH Holdings Limited, which then became its immediate holding company. The Group has not produced consolidated financial statements as it is a small group, and is therefore eligible for the exemption under Section 248 of the Companies Act 1985.

### **9. RELATED PARTY TRANSACTIONS**

Details of control of the company during the year are given in Note 8. All the Directors are Directors and ultimate shareholders in Bayheath Property Group Limited and CFH Holdings Limited.

At 31st March 1997 the company owed £4,287,754 (1996 - £3,932,290) to CFH Holdings Limited. This loan is interest-free.

At 31st March 1997 the company had made loans to fellow subsidiaries which amounted to £2,354,043 (1996 - £2,249,320). During the year interest earned on those advances amounted to £175,741 (1996 - £138,361).

At 31st March 1997 the company had made a loan amounting to £709,487 (1996 - £725,000) to Cloverdale Homes Limited, a company of which Mr. H. Cohen is a Director and shareholder. During the year interest earned on the loan amounted to £63,286 - (1996 - £72,067). Of this interest £17,512 (1996 - £17,953) was outstanding at the year end and is included in accrued income in Note 4. This loan is on terms comparable to other loans made to third parties.

At 31st March 1997 the company had made a loan of £247,000 (1996 - £167,000) to a related party of Mr. H. Cohen. During the year the interest earned on the loan amounted to £16,104 (1996 - £17,584). This loan is on terms comparable to other loans made to third parties. During the year the company made a short term loan of £300,000 to Luross Finance Limited, a company of which Mr. G.D. Berger is a Director and controller. The loan was repaid during the year and interest of £460 is included in turnover. This loan was on terms comparable to other loans made to third parties.

On 31st March 1997, the company acquired an investment in Concept Investment Services NV for its market value of £82,031 from its then immediate parent company, Bayheath Property Group Limited, and appropriated the investment to trading stock.

During the year the company paid consultancy fees of £10,000 (1996 - £11,250) to Lonedood Limited, a company of which Mr. H. Cohen is a Director and whose wife is the controller. The company also paid consultancy fees of £1,000 (1996 - £1,000) to Luross Finance Limited, a company of which Mr. G.D. Berger is a Director and controller. All consultancy fees were for services supplied in Summit Finance Limited's ordinary course of business.

The corporation tax charge for the year includes £201,479 (1996 - £24,814) due to Bushey Acceptances Limited, a fellow subsidiary, for group relief. These amounts were outstanding at the respective year ends and are included in creditors in Note 5.