

SUMMIT FINANCE LIMITED

Annual Report and Financial Statements **For the Year Ended 31st March 1998**

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Directors:

**H. Cohen
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 1998.

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 £33,399 (1997 - £55,408).

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.

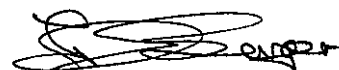
Auditors

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

7th January 1999

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.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31st March 1998 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

7th January 1999



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

SUMMIT FINANCE LIMITED

PROFIT & LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MARCH 1998

	<u>Note</u>	<u>1998</u> £	<u>1997</u> £
Turnover	1	828,723	489,276
Cost of sales		(775)	(6,670)
Gross profit		827,948	482,606
Operating expenses	2	(407,227)	(157,868)
Profit on ordinary activities		420,721	324,738
Non-trade interest received		-	1,488
Profit before taxation		420,721	326,226
Taxation	3	(49,294)	(203,479)
Retained profit for the year		371,427	122,747
Retained profit/(deficit) brought forward		38,763	(83,984)
Retained profit carried forward		£410,190	£38,763

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.

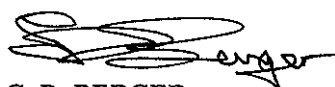
SUMMIT FINANCE LIMITED

BALANCE SHEET AS AT 31ST MARCH 1998

	<u>Note</u>	<u>1998</u> <u>£</u>	<u>1997</u> <u>£</u>
<u>CURRENT ASSETS</u>			
Stock of securities	1	84,452	85,227
Debtors	4	3,186,867	4,502,155
Cash at bank		2,534	4,892
		<hr/>	<hr/>
		3,273,853	4,592,274
<u>CREDITORS</u>			
Amounts falling due within one year	5	(2,845,661)	(4,535,509)
		<hr/>	<hr/>
<u>NET CURRENT ASSETS</u>		<hr/> £428,192	<hr/> £56,765
<u>CAPITAL & RESERVES</u>			
Called up share capital - equity	6	18,002	18,002
Profit and loss account		410,190	38,763
		<hr/>	<hr/>
<u>SHAREHOLDERS' FUNDS</u>		<hr/> £428,192	<hr/> £56,765

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 7th January 1999 and signed on its behalf by:



G. D. BERGER
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 1998

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 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.

- 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:	<u>1998</u>	<u>1997</u>
Directors' remuneration	£82,000	£82,000
Directors' pension contributions	£253,000	£-

During the year retirement benefits were accruing to 1 Director (1997 - 0) in respect of a money purchase pension scheme.

Audit fees have been borne by the ultimate holding company.

3. TAXATION

The taxation charge comprises:	<u>£</u>	<u>£</u>
UK corporation tax at a rate of 31% (1997 - 24%) on the taxable profit for the year after group relief	49,294	2,000
Payment for group relief	-	201,479
	<hr/>	<hr/>
	£49,294	£203,479
	<hr/>	<hr/>

SUMMIT FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH 1998

4	<u>DEBTORS (all falling due within one year)</u>	<u>1998</u> £	<u>1997</u> £
	Loans & advances - fellow subsidiaries	1,126,783	2,354,043
	- third parties	2,056,214	2,116,599
	Income tax recoverable	2,136	7,354
	Accrued income	733	24,159
	Other debtors	1,001	-
		£3,186,867	£4,502,155
5.	<u>CREDITORS (all falling due within one year)</u>	<u>£</u>	<u>£</u>
	Amount due to ultimate holding company	2,609,970	4,287,754
	Amount due to fellow subsidiary	153,124	201,479
	Corporation tax	51,294	2,000
	Other taxation	276	-
	Other creditors & accruals	30,997	44,276
		£2,845,661	£4,535,509
The amount due to the ultimate holding company is secured.			
6.	<u>CALLED UP SHARE CAPITAL</u>		
	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.	<u>MOVEMENT IN SHAREHOLDERS' FUNDS</u>	<u>£</u>	<u>£</u>
	Shareholders' funds at 1st April 1997	56,765	(65,982)
	Retained profit for the year	371,427	122,747
		£428,192	£56,765
	Shareholders' funds at 31st March 1998		

SUMMIT FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH 1998

8. ULTIMATE HOLDING COMPANY

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

The Group has not produced consolidated financial statements as it is a medium-sized 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 of and ultimate shareholders in CFH Holdings Limited.

At 31st March 1998 the company owed £2,609,970 (1997 - £4,287,754) to CFH Holdings Limited. This loan is interest-free.

At 31st March 1998 the company had made loans to fellow subsidiaries which amounted to £1,126,783 (1997 - £2,354,043). Included in turnover is £554,445 (1997 - £175,741) of interest and fees from loans to subsidiaries which were outstanding during the year. Included in operating expenses is a provision of £27,408 (1997 - £396) against the loans.

During the year the Company made a short term loan of up to £354,717 to Beckton Gateway Retail Park Limited, a related company of a fellow subsidiary, Karlinka Properties Limited. The loan was repaid during the year and £10,123 of interest is included in turnover. This loan is on terms comparable to other loans made to third parties.

At 31st March 1998 the company had made a loan amounting to £703,293 (1997 - £709,487) 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 £76,294 - (1997 - £63,286). £93,806 (1997 - £17,512) of interest was outstanding at the year end. This loan is on terms comparable to other loans made to third parties.

At 31st March 1998 the company had made a loan of £247,000 (1997 - £247,000) to a related party of Mr. H. Cohen. During the year the interest earned on the loan amounted to £26,653 (1997 - £16,104). This loan is on terms comparable to other loans made to third parties.

During the year the company made a short term loan of £360,000 (1997 - £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 £710 (1997 - £460) is included in turnover. This loan was on terms comparable to other loans made to third parties.

During the year the Company made short term loans to Messrs. Berger and Simmons of £70,000 and £1,100,000 respectively. The loans were repaid during the year and interest of £298 and £407 respectively is included in turnover. Both loans were on terms comparable to other loans made to third parties.

Included in creditors in Note 5 is £153,124 (1997 - £201,479) in respect of a group relief payment due to a fellow subsidiary, Bushey Acceptances Limited, for the year ended 31st March 1997.

During the year the company paid consultancy fees of £2,000 (1997 - £1,000) to Luross Finance Limited, a company of which Mr. G.D. Berger is a Director and controller. In 1997 the company also paid consultancy fees of £6,000 to Lonegood Limited, a company of which Mr. H. Cohen is a Director and whose wife is the controller. The consultancy fees were for services supplied in Summit Finance Limited's ordinary course of business.