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PATERSON, ZOCHONIS (FINANCE) LIMITED

Annual Report and Accounts

31st May 2001



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PATERSON, ZOCHONIS (FINANCE) LIMITED

DIRECTORS

A.G. Calder
A.J. Green
C.N. Green
T.F.G. Harrison

SECRETARY

T.F.G. Harrison

REGISTERED OFFICE

Cussons House,
Bird Hall Lane,
Stockport,
SK3 0XN

REGISTERED NUMBER

Company registered number 954969

PATERSON, ZOCHONIS (FINANCE) LIMITED

NOTICE OF MEETING

Notice is hereby given that the thirty second annual general meeting of the company will be held at the registered office of the company, Cussons House, Bird Hall Lane, Stockport, SK3 0XN on Friday 2nd November 2001 at 11.30 a.m. for the following purposes:

1. To receive the report of the directors and statement of accounts for the year ended 31st May 2001 and the report of the auditors thereon.
2. To re-elect Mr. A. J. Green a director of the company.
3. To re-appoint Deloitte & Touche as auditors and to authorise the directors to agree their remuneration.

A member of the company entitled to attend and vote at this meeting is also entitled to appoint a proxy to attend and, on a poll, vote instead of him. Such proxy need not also be a member of the company.

Dated this 25th September 2001

By order of the board

T.F.G. Harrison

Secretary

PATERSON, ZOCHONIS (FINANCE) LIMITED

REPORT OF THE DIRECTORS

The directors submit their report and the audited accounts for the year ended 31st May 2001.

Principal activities and review of the business

The principal activity of the company is the lending of money and the holding of investments.

Future prospects

No significant change in the activities or focus of the business is anticipated.

Results and dividends

The results of the company for the year are set out on page 6.

The directors do not recommend the payment of a dividend (2000 – Nil).

Directors and directors' share interests

The following were directors of the company during the period under review:

A.G. Calder

P. Giouras – resigned 31st May 2001

A.J. Green

C.N. Green

T.F.G. Harrison

The director retiring by rotation is Mr. A.J. Green who, being eligible, offers himself for re-election.

As permitted by statutory instrument, the register of directors' interests kept under Section 325 of the Companies Act 1985 does not include the share interests of directors who were also directors of the parent company, Paterson Zochonis plc, at 31st May 2001. The interests of those directors are recorded in the register and accounts of that company.

No director of this company had any interest in the shares of this company, or of any fellow subsidiary of Paterson Zochonis plc.

No director had an interest in any contract which subsisted during the financial year with the company or with any of its fellow subsidiary companies or with the parent company.

Employee information

The company has no employees, the management of the business being carried out by a fellow subsidiary.

Auditors

Deloitte & Touche have signified their willingness to continue in office and a resolution for their re-appointment will be proposed at the annual general meeting.

PATERSON, ZOCHONIS (FINANCE) LIMITED

REPORT OF THE DIRECTORS continued


Responsibilities of the directors

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 as at the end of the financial year and of the profit or loss of the company for that period. The directors are responsible for ensuring that suitable accounting policies are consistently applied supported by reasonable and prudent judgements and estimates, that applicable accounting standards are followed and that the accounts are prepared on a going concern basis unless this is inappropriate.

The directors have responsibility for ensuring that the company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They also have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

By order of the board

T.F.G. Harrison



Secretary

17th September 2001

PATERSON, ZOCHONIS (FINANCE) LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS

We have audited the financial statements on pages 6 to 9 which have been prepared under the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of financial statements, which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. 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 United Kingdom 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 circumstances of the company, 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 misstatement, 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 31st May 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche,
Chartered Accountants
and Registered Auditors.
201 Deansgate
MANCHESTER
M60 2AT

17th September 2001

PATERSON, ZOCHONIS (FINANCE) LIMITED

PROFIT AND LOSS ACCOUNT

Year to 31st May 2001

	Note	2001 £	2000 £
Turnover – investment income	2	216,924	161,610
Administrative expenses		(995)	(1,290)
Operating profit	3	215,929	160,320
Interest payable – group companies		(70,000)	(70,000)
Profit on ordinary activities before taxation		145,929	90,320
Taxation on profit on ordinary activities	5	(43,779)	(27,096)
Profit for the financial year retained	10	£102,150	£63,224

The results for both years arise from continuing operations.

The company had no recognised gains or losses in either year other than the profit for the year.

There were no movements in shareholders' funds in either year other than the profit for the year retained.

PATERSON, ZOCHONIS (FINANCE) LIMITED

BALANCE SHEET

31st May 2001

	Note	2001 £	2000 £
Current assets			
Debtors	6	4,245,755	4,099,831
Creditors – due within one year	7	(1,773,203)	(1,729,429)
Net current assets		2,472,552	2,370,402
Creditors – due after one year	8	(1,400,000)	(1,400,000)
Net assets		£1,072,552	£970,402
Capital and reserves			
Called up share capital	9	1,000	1,000
Share premium account		198,602	198,602
Profit and loss account	10	872,950	770,800
Equity shareholders' funds		£1,072,552	£970,402

Approved by the board of directors
and signed on its behalf by:



A.G. Calder

17th September 2001

PATERSON, ZOCHONIS (FINANCE) LIMITED

NOTES TO THE ACCOUNTS

1. Accounting policies

Accounting convention

The accounts have been prepared in accordance with applicable accounting standards under the historical cost convention. The principal accounting policies which the directors have adopted within that convention are set out below.

Operating profit

Operating profit for the year is stated after charging all operating expenses whether normal or exceptional.

Interest receivable

Interest is credited in the revenue account on a receivable basis.

Taxation and deferred taxation

Taxation is computed at current rates on the result for the year.

2. Investment income

	2001 £	2000 £
Income from current asset investments:		
Interest – group companies	£216,924	£161,610

3. Operating profit

Operating profit is stated after charging:

Directors' emoluments	Nil	Nil
Auditors' remuneration – audit fee	£520	£515
– other services	£475	£775

4. Staff numbers and costs

The company had no employees in either the current or the previous year.

5. Taxation

Based on the profit for the year:

Corporation tax at 30% (2000 – 30%)	£43,779	£27,096
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6. Debtors

Amounts owed by group companies	£4,245,755	£4,099,831
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PATERSON, ZOCHONIS (FINANCE) LIMITED

NOTES TO THE ACCOUNTS continued

	2001 £	2000 £
7. Creditors – due within one year		
Amounts owed to group companies	1,728,139	1,728,139
United Kingdom taxation payable	43,779	-
Accruals and deferred income	1,285	1,290
	<u>£1,773,203</u>	<u>£1,729,429</u>
8. Creditors –due after one year		
Due to the parent company, Paterson Zochonis plc, 5% subordinated unsecured loan stock repayable 31st December 2002 (2000 – 31st December 2001).	<u>£1,400,000</u>	<u>£1,400,000</u>
9. Called up share capital		
Authorised, allotted and fully paid		
1,000 ordinary shares of £1 each	<u>£1,000</u>	<u>£1,000</u>
10. Profit and loss account		
	£	
Balance at 31st May 2000	770,800	
Profit for the financial year retained	102,150	
	<u>£872,950</u>	
11. Related party transactions		
Advantage has been taken of the exemption in paragraph 3 of Financial Reporting Standard 8; as a result, details of transactions with group companies are not disclosed.		
12. Ultimate parent company		
The company is a wholly owned subsidiary of Paterson Zochonis plc which is incorporated in Great Britain. Copies of the group financial statements of Paterson Zochonis plc are available from the registered office of this company.		