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Neric Limited

Financial Statements

30th June 1995



NERIC LIMITED

Report of the Director

The director submits his report and the accounts for the year to 30th June 1995

1. Director's responsibilities

Company law requires the director to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing those financial statements, the director is 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 director is responsible for keeping proper accounting records, for safeguarding the assets of the group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

2. Results and dividend

The loss for the year after taxation amounted to £55,535. The director does not recommend payment of a dividend. The retained loss of £55,957 has been transferred to reserves.

3. Review of the business and principal activities

The company and its subsidiaries are principally involved in a range of financial activities, including the provision of management and financial advisory services, investment in listed and unlisted stocks and shares and the provision of leasing facilities.

4. Fixed assets

The changes in fixed assets during the year are summarised in the notes to the accounts.

5. Future developments

It is unlikely that there will be any significant change in the development of the company and its subsidiaries in the current year.

6. Tax status

The director is of the opinion that all of the companies within the group are close companies within the provisions of the Income and Corporation Taxes Act 1988.

NERIC LIMITED

Report of the Director (continued)

7. Director and his interests

Mr R.G.Battersby has served as the company's sole director throughout the year. He was interested in the whole of the company's issued A and B shares throughout the year.

8. Auditors

A resolution to reappoint Grant Thornton as auditors will be put to the members at the Annual General Meeting.

Ringwood House,
Walton Street,
Aylesbury,
Bucks.

10th January 1996

BY ORDER OF THE BOARD

J M Battersby
J M Battersby

Secretary

REPORT OF THE AUDITORS TO THE MEMBERS OF
NERIC LIMITED

We have audited the financial statements on pages 4 to 17 which have been prepared under the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 1 the 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 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 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 affairs of the company and the group at 30 June 1995 and of the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Grant Thornton

GRANT THORNTON

Registered Auditors
Chartered Accountants

Aylesbury

16/1/96

NERIC LIMITED

Consolidated Profit and Loss Account

For the year ended 30th June 1995

	<u>Note</u>	<u>1995</u>	<u>1994</u>
		£	£
Turnover	2	525,212	524,684
Cost of sales		170,358	152,428
Gross profit		354,854	372,256
Administrative expenses		431,127	647,090
Operating (loss)	3	(76,273)	(274,834)
Income from investments	6	26,852	432,376
Interest receivable		1,647	1,267
Interest payable	7	(3,374)	(12,585)
		25,125	421,058
(Loss)/profit on ordinary activities before taxation		(51,148)	146,224
Tax on (loss)/profit on ordinary activities	8	(4,387)	(27,273)
(Loss)/profit on ordinary activities after taxation	9	(55,535)	118,951
Minority interest		(422)	(15)
(Loss)/profit for financial year		(55,957)	118,936
Retained profit brought forward		455,519	336,583
Retained profit carried forward		£399,562 =====	£455,519 =====

There were no recognised gains or losses other than the loss for the financial year.

The notes on pages 8 to 17 form part of these financial statements

NERIC LIMITED

Consolidated Profit and Loss Account (continued)

For the year ended 30th June 1995

	<u>1995</u> £	<u>1994</u> £
Reported profit on ordinary activities before taxation	(51,148)	146,224
Realisation of investment revaluation gains of previous years	-	(146,903)
Historical cost (loss) on ordinary activities before taxation	<hr/> (£51,148) =====	<hr/> (£679) =====
Historical cost (loss)/profit for the year after taxation	(£55,535) =====	£20,526 =====

The notes on pages 8 to 17 form part of these financial statements

NERIC LIMITED

Consolidated Balance Sheet at 30th June 1995

	<u>Note</u>	£	<u>1995</u>	£	<u>1994</u>	£
Fixed assets						
Tangible assets	10		103,778		127,808	
Investments	11		522,770		522,770	
			626,548		650,578	
Current assets						
Stock		7,332		6,537		
Debtors	13	50,649		37,311		
Investments	14	43,608		43,537		
Cash at bank and in hand		19,416		139,349		
			121,005		226,734	
Creditors: amounts falling due within one year	15	318,276		389,424		
Net current liabilities			(197,271)		(162,690)	
Total assets less current liabilities			429,277		487,888	
Creditors: amounts falling due after more than one year	16	14,766		19,766		
Provision for liabilities and charges:						
Deferred taxation	18	13,013		11,089		
			27,779		30,855	
Minority interests			1,836		1,414	
			£399,662		£455,619	
			=====		=====	
Capital and reserves						
Called up share capital	19		100		100	
Profit and loss account			399,562		455,519	
Shareholders' funds	21		£399,662		£455,619	
			=====		=====	

These financial statements were approved by the board on 10 January 1996.

R.G.Battersby) Director

The notes on pages 8 to 17 form part of these financial statements

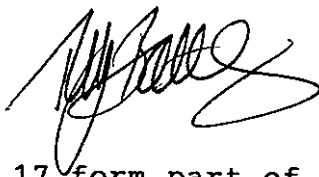
NERIC LIMITED

Balance Sheet at 30th June 1995

	<u>Note</u>	£	<u>1995</u>	£	£	<u>1994</u>	£
Fixed assets							
Tangible assets	10		103,778			127,808	
Investments in subsidiaries	12		1,224			1,224	
			105,002			129,032	
Current assets							
Debtors	13	167,550			66,119		
Cash at bank and in hand		-			1,176		
			167,550		67,295		
Creditors: amounts falling due within one year	15	176,225			95,043		
Net current assets/(liabilities)			(8,675)			(27,748)	
Total assets less current liabilities							
			96,327			101,284	
Creditors: amounts falling due after more than one year							
	16	14,167			19,167		
Provision for liabilities and charges:							
Deferred taxation	18	13,013			11,089		
			27,180			30,256	
			£69,147			£71,028	
			=====			=====	
Capital and reserves							
Called up share capital	19		100			100	
Profit and loss account	20		69,047			70,928	
Shareholders' funds			£69,147			£71,028	
			=====			=====	

These financial statements were approved by the board on 10 January 1996.

R.G.Battersby) Director



The notes on pages 8 to 17 form part of these financial statements

NERIC LIMITED

Notes to the Financial Statements

For the year ended 30th June 1995

1. Accounting policies

- a) These financial statements are prepared under the historical cost convention modified to include the revaluation of fixed asset investments.
- b) Basis of consolidation: The group financial statements consolidate the financial statements of the company and of its subsidiaries (see note 12). The financial statements of each company in the group have been prepared to 30th June 1995. Goodwill arising on consolidation is written off to reserves.
- c) Franked income from investments is grossed up for the imputed tax credit.
- d) Fee income is credited when earned, exclusive of V.A.T.
- e) Credit is taken for lease rental income as instalments fall due.
- f) Depreciation is provided on all tangible assets at the following rates per annum on cost:-

	<u>Rate</u>
Motor vehicles	25%
Assets leased to customers	At rates sufficient to write the assets off over the primary period of the lease
Furniture and equipment	15% to 33%

- g) Investments classified as fixed assets were revalued as at 30th June 1992. In the case of quoted or unlisted investments a stock exchange valuation was used. Unquoted investments, or those having no independent valuation, were valued by the director.
- h) Investments classified as current assets are stated at the lower of cost or market value in the case of listed investments, or director's valuation in the case of unlisted or unquoted investments.
- i) Stock is valued at the lower of cost or net realisable value.
- j) Deferred tax is provided to the extent that it is probable that a liability or asset will crystallise and not provided to the extent that it is probable that a liability or asset will not crystallise. Unprovided deferred tax is disclosed as a contingent liability.

Deferred tax is calculated at the rate at which it is estimated that the tax will be paid when the timing differences reverse.

NERIC LIMITED

Notes to the Financial Statements (Continued)

For the year ended 30th June 1995

2. Turnover and profit

Turnover and profit on ordinary activities before taxation arose entirely from the group's financial activities

3. Operating loss

This is stated after charging/(crediting):-

	<u>1995</u>	<u>1994</u>
	£	£
Director's remuneration (Note 4)	3,162	3,162
Depreciation	9,549	(580)
Audit fee	2,000	1,845
Rentals receivable in respect of operating leases	(20,842)	(13,135)
	=====	=====

4. Director's remuneration

	<u>1995</u>	<u>1994</u>
	£	£
Remuneration of sole director	-	-
Pension contributions	3,162	3,162
	-----	-----
	£3,162	£3,162
	=====	=====

5. Staff costs

	<u>1995</u>	<u>1994</u>
	£	£
Wages and salaries	153,306	145,478
Social security costs	9,024	9,237
Other pension costs	3,162	3,162
	-----	-----
	£165,492	£157,877
	=====	=====

The average weekly number of employees was 27 (1994 - 27)

6. Income from investments

	<u>1995</u>	<u>1994</u>
	£	£
Listed	10,578	6,151
Unlisted	16,274	21,840
Profit on disposal of fixed asset investment	-	404,385
	-----	-----
	£26,852	£432,376
	=====	=====

NERIC LIMITED

Notes to the Financial Statements (Continued)

For the year ended 30th June 1995

7. Interest payable and similar charges

	<u>1995</u> £	<u>1994</u> £
On bank loans, overdrafts and other loans:		
Repayable within five years other than by instalments	1,593	4,803
Repayable within five years by instalments	1,781	7,782
	<hr/>	<hr/>
	£3,374	£12,585
	=====	=====

8. Tax on profit on ordinary activities

	<u>1995</u> £	<u>1994</u> £
Based on the profit for the year		
Corporation tax at 25% (1994 - 25%)	32	86,116
Tax credits on dividends received	2,091	1,267
Deferred taxation	1,924	(59,938)
	<hr/>	<hr/>
	4,047	27,445
Taxation (over)/underprovided in previous year		
Corporation tax	340	(260)
Deferred taxation	-	88
	<hr/>	<hr/>
	340	(172)
	<hr/>	<hr/>
	£4,387	£27,273
	=====	=====

9. Profit on ordinary activities after taxation

The company has taken advantage of Section 230 of the Companies Act 1985 and has not included its own profit and loss account in these financial statements. The consolidated profit and loss account for the year includes a loss of £1,881 (1994 - a loss of £25,134) which is dealt with in the financial statements of the parent company.

NERIC LIMITED

Notes to the Financial Statements (Continued)

For the year ended 30th June 1995

10. Tangible fixed assets

Group

	Furniture and equipment	Motor Vehicles	Assets held for leasing	Total
	£	£	£	£
Cost				
At 1st July 1994	£21,180	£14,994	£137,425	£173,599
Additions	519	-	-	519
Disposals	-	-	(15,000)	(15,000)
At 30th June 1995	£21,699	£14,994	£122,425	£159,118
Depreciation				
At 1st July 1994	£18,487	£12,948	£14,356	£45,791
Charge for year	1,047	2,046	6,456	9,549
Disposals	-	-	-	-
At 30th June 1995	£19,534	£14,994	£20,812	£55,340
Net book value at 30th June 1995	£2,165 =====	- =====	£101,613 =====	£103,778 =====
Net book value at 30th June 1994	£2,693 =====	£2,046 =====	£123,069 =====	£127,808 =====

NERIC LIMITED

Notes to the Financial Statements (Continued)

For the year ended 30th June 1995

10. Tangible fixed assets - continued

Company

	Furniture and equipment	Motor Vehicles	Assets held for leasing	Total
	£	£	£	£
Cost				
At 1st July 1994	£5,001	£14,994	£137,425	£157,420
Additions	519	-	-	519
Disposals	-	-	(15,000)	(15,000)
At 30th June 1995	£5,520	£14,994	£122,425	£142,939
Depreciation				
At 1st July 1994	£2,308	£12,948	£14,356	£29,612
Charge for year	1,047	2,046	6,456	9,549
Disposals	-	-	-	-
At 30th June 1995	£3,355	£14,994	£20,812	£39,161
Net book value at 30th June 1995	£2,165 =====	- =====	£101,613 =====	£103,778 =====
Net book value at 30th June 1994	£2,693 =====	£2,046 =====	£123,069 =====	£127,808 =====

NERIC LIMITED

Notes to the Financial Statements (Continued)

For the year ended 30th June 1995

11. Investments

Group

	£
Cost or valuation	
At 1st July 1994	£605,020
Additions	-
Disposals	-
	<hr/>
At 30th June 1995	£605,020
	<hr/>
Provisions	
At 1st July 1994	82,250
Provided in year	-
	<hr/>
At 30th June 1995	£82,250
	<hr/>
Net book value at 30th June 1995	£522,770 =====
Net book value at 30th June 1994	£522,770 =====

Investments include amounts stated at valuation as follows: _

	<u>1995</u> £	<u>1994</u> £
At cost	293,521	293,521
At 1992 valuation	229,249	229,249
	<hr/>	<hr/>
	£522,770 =====	£522,770 =====

If the investments had not been revalued they would have been included on the historical cost basis at the following amounts:

	Cost £
Listed investments (market valuation £212,064)	156,295
Unlisted investments (director's valuation £137,500)	137,500
Freehold property	133,167
Long leasehold property	37,360
	<hr/>
	£464,322 =====

The listed investments are dealt in on a recognised stock exchange.

NERIC LIMITED

Notes to the Financial Statements (Continued)

For the year ended 30th June 1995

12. Investments in subsidiaries

The investments in subsidiaries are stated at cost. The company's subsidiary companies, all of which are registered in England, comprise:-

<u>Name</u>	<u>Issued ordinary capital</u>	<u>Percentage owned</u>	<u>Nature of business</u>
Second Neric Limited	£100	100%	Investment company
Neric Finance Limited	£100	80%	Dealing in securities
The Falcon Hotel (Uppingham) Limited	£1,000	100%	Hotel management
Neric Marine Limited	£ 2	100%	Dormant

13. Debtors

	<u>Group</u>		<u>Company</u>	
	1995	1994	1995	1994
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Trade debtors	8,400	8,361	3,022	2,707
Amount owed by subsidiaries	-	-	154,357	43,382
Other debtors	42,249	28,950	10,171	20,030
	<u>£50,649</u>	<u>£37,311</u>	<u>£167,550</u>	<u>£66,119</u>
	=====	=====	=====	=====

Of the amount of £154,357 owed by subsidiaries, £119,989, although due on demand, is unlikely to be repaid within one year.

Included in the company's other debtors is an amount due from the director of £4,210. The maximum amount outstanding was £4,210 and no interest was charged. The amount was cleared after the year end.

14. Investments
Group

	1995		1994	
	<u>Cost</u>	<u>Valuation</u>	<u>Cost</u>	<u>Valuation</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Listed	43,183	61,341	42,996	51,723
Unlisted	425	445	541	965
	<u>£43,608</u>	<u>£61,786</u>	<u>£43,537</u>	<u>£52,688</u>
	=====	=====	=====	=====

NERIC LIMITED

Notes to the Financial Statements (Continued)

For the year ended 30th June 1995

15. Creditors: amounts falling due within one year

	<u>Group</u>		<u>Company</u>	
	1995	1994	1995	1994
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Current instalments due on bank loans	5,000	5,000	5,000	5,000
Bank overdraft	64,435	-	576	-
Trade creditors	231,222	300,522	29,502	90,043
Amount owed to subsidiaries	-	-	139,844	-
Current corporation tax	32	83,902	-	-
Other taxes and social security costs	17,587	-	1,303	-
	<u>£318,276</u>	<u>£389,424</u>	<u>£176,225</u>	<u>£95,043</u>
	=====	=====	=====	=====

The bank overdraft and loans are secured by cross-guarantees between the company and each subsidiary and by the deposit of certain share certificates.

16. Creditors: amounts falling due after one year

	<u>Group</u>		<u>Company</u>	
	1995	1994	1995	1994
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Bank loans (Note 17)	14,167	19,167	14,167	19,167
Hire purchase	-	-	-	-
Loan from a director	599	599	-	-
	<u>£14,766</u>	<u>£19,766</u>	<u>£14,167</u>	<u>£19,167</u>
	=====	=====	=====	=====

The loan from the director has no fixed repayment date, is unsecured and interest free.

17. Loans

	<u>1995</u>	<u>1994</u>
	<u>£</u>	<u>£</u>
Wholly repayable within five years	19,167	24,167
Amount due within one year (Note 15)	5,000	5,000
	<u>£14,167</u>	<u>£19,167</u>
	=====	=====

Loans are repayable monthly and carry interest at 1.25% over Finance House Association Rate.

NERIC LIMITED

Notes to the Financial Statements (Continued)

For the year ended 30th June 1995

18. Deferred taxation

	<u>Group</u> £	<u>Company</u> £
At 1 July 1994	£11,089	£11,089
Charge in year	1,924	1,924
Prior year adjustment	-	-
	<hr/>	<hr/>
At 30 June 1995	£13,013 =====	£13,013 =====

Deferred taxation is represented by the following:-

	<u>1995</u> £	<u>1994</u> £
Company		
Accelerated capital allowances	13,013	11,089
	<hr/>	<hr/>
	£13,013 =====	£11,089 =====

19. Share capital

	<u>Authorised</u> £	<u>Allotted, called up and fully paid</u> £
"A" ordinary shares of £1 each	250	25
"B" ordinary shares of £1 each	250	25
"C" ordinary shares of £1 each	250	25
"D" ordinary shares of £1 each	250	25
	<hr/>	<hr/>
	1,000	100
	=====	=====

The different types of share rank pari-passu in all respects, save as to dividends, which are at the director's discretion. All issued shares are considered equity shares.

NERIC LIMITED

Notes to the Financial Statements (Continued)

For the year ended 30th June 1995

20. Profit and loss account

Company

	£
At 1 July 1994	70,928
Loss for financial year	(1,881)
	<hr/>
At 30 June 1995	£69,047
	=====

21. Movements in shareholders funds

	Share capital	Profit and loss account	Total
	£	£	£
At 1 July 1993	100	336,583	336,683
Profit for the financial year		118,936	118,936
	<hr/>	<hr/>	<hr/>
At 30 June 1994	100	455,519	455,619
Loss for the financial year		(55,957)	(55,957)
	<hr/>	<hr/>	<hr/>
At 30 June 1995	£100	£399,562	£399,662
	=====	=====	=====

22. Pension commitments

The company contributes a fixed annual sum towards the director's pension scheme and has no liability beyond that sum.

23. Capital commitments

The group has capital commitments of £nil at 30th June 1995 (£nil at 30th June 1994)

24. Contingent liabilities

There were no contingent liabilities at either 30th June 1995 or 30th June 1994