

1479291

Neric Limited

Financial Statements

30th June 1998



NERIC LIMITED

Report of the Director

The director submits his report and the accounts for the year to 30th June 1998.

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 of the profit or loss of the company 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 company 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 £14,570. The director does not recommend payment of a dividend. The retained loss 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. 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.

5. Year 2000 compliance

The Board has reviewed the company's systems and, in view of the size and style of the business do not believe there is any significant risk to the business from factors relating to "Year 2000" computer problems.

Ringwood House,
Walton Street,
Aylesbury,
Bucks.

18th March 1999

BY ORDER OF THE BOARD


J R G Battersby

Secretary

NERIC LIMITED

Profit and Loss Account

For the year ended 30th June 1998

	<u>Note</u>	<u>1998</u>	<u>1997</u>
		£	£
Turnover	2	39,463	57,655
Cost of sales		35,676	48,871
Gross (loss)/profit		3,787	8,784
Administrative expenses		24,562	34,318
Operating (loss)	3	(20,775)	(25,534)
Dividend from subsidiaries	-		200,064
Provided against amount due from subsidiary	-		(159,238)
Interest receivable	-		39
Interest payable	6	(598)	(973)
		(598)	39,892
(Loss)/profit on ordinary activities before taxation		(21,373)	14,358
Tax on (loss)/profit on ordinary activities	7	6,803	1,707
(Loss)/profit on ordinary activities after taxation		(14,570)	16,065
Retained profit brought forward		81,083	65,018
Retained profit carried forward		£66,513 =====	£81,083 =====

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

The notes on pages 5 to 10 form part of these financial statements

NERIC LIMITED

Balance Sheet, at 30th June 1998

	<u>Note</u>	<u>1998</u>	<u>1997</u>
		£	£
Fixed assets			
Tangible assets	8	42,735	51,851
Investments in subsidiaries	9	21,424	1,224
		<hr/>	<hr/>
		64,159	53,075
Current assets			
Debtors	10	47,062	72,002
Cash at bank and in hand		559	3,227
		<hr/>	<hr/>
		47,621	75,229
Creditors: amounts falling due within one year	11	40,728	31,712
		<hr/>	<hr/>
Net current assets		6,893	43,517
Total assets less current liabilities		<hr/>	<hr/>
		71,052	96,592
Creditors: amounts falling due after more than one year	12	-	4,167
Provision for liabilities and charges:			
Deferred taxation	14	4,439	11,242
		<hr/>	<hr/>
		4,439	15,409
		<hr/>	<hr/>
		£66,613	£81,183
		=====	=====
Capital and reserves			
Called up share capital	15	100	100
Profit and loss account	16	66,513	81,083
		<hr/>	<hr/>
Shareholders' funds	17	£66,613	£81,183
		=====	=====

The notes on pages 5 to 10 form part of these financial statements

NERIC LIMITED

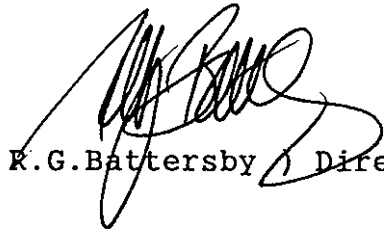
Balance Sheet at 30th June 1998 (continued)

For the year ended 30 June 1998, the company was exempt from audit of its financial statements under subsection (1) of section 249A of the companies Act 1985. No notice has been deposited by members under subsection (2) of section 249B calling for an audit in relation to these financial statements.

I acknowledge my responsibilities for:

- ensuring that the company keeps accounting records which comply with section 221 of the companies Act 1985, and
- preparing financial statements 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 its loss for the financial year in accordance with the requirements of section 226, and which otherwise comply with the Companies Act relating to accounts, so far as applicable to the company.

These financial statements were approved by the board on 18 March 1999.



R.G. Battersby, Director

The notes on pages 5 to 10 form part of these financial statements

NERIC LIMITED

Notes to the Financial Statements

For the year ended 30th June 1998

1. Accounting policies

- a) These financial statements are prepared under the historical cost convention.
- b) The company is part of a small group within the meaning of the Companies Act and is not required to prepare group accounts.
- 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) 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.

2. Turnover and loss

Turnover and loss on ordinary activities before taxation arose entirely from the company's financial activities

NERIC LIMITED

Notes to the Financial Statements (Continued)

For the year ended 30th June 1998

3. Operating loss

This is stated after charging/(crediting):-

	<u>1998</u> £	<u>1997</u> £
Director's remuneration (Note 4)	-	263
Depreciation	9,116	11,311
Rentals receivable in respect of operating leases	(12,263)	(25,527)
	=====	=====

4. Director's remuneration

	<u>1998</u> £	<u>1997</u> £
Remuneration of sole director	-	-
Pension contributions	-	263
	-----	-----
	-	£263
	=====	=====

5. Staff costs

	<u>1998</u> £	<u>1997</u> £
Other pension costs	-	263
	-----	-----
	-	£263
	=====	=====

The average weekly number of employees was 2 (1997 - 2)

6. Interest payable and similar charges

Interest is payable on bank loans and overdrafts.

NERIC LIMITED

Notes to the Financial Statements (Continued)

For the year ended 30th June 1998

7. Tax on loss on ordinary activities

	£	<u>1998</u>	£	£	<u>1997</u>	£
Based on the loss for the year						
Corporation tax at 21%						
(1997 - 23%)		-			-	
Deferred taxation		(403)			(1,707)	
		-----			-----	
			(403)			(1,707)
Taxation (over)/underprovided in previous year						
Corporation tax		-			-	
Deferred taxation		(6,400)			-	
		-----			-----	
			(6,400)			-
			-----			-----
			(£6,803)			(£1,707)
			=====			=====

8. Tangible fixed assets

	Furniture and equipment	Motor Vehicles	Assets held for leasing	Total
	£	£	£	£
Cost				
At 1st July 1997	£6,650	£4,079	£80,500	£91,229
Additions	-	-	-	-
Disposals	-	(4,079)	-	(4,079)
	-----	-----	-----	-----
At 30th June 1998	£6,650	-	£80,500	£87,150
	-----	-----	-----	-----
Depreciation				
At 1st July 1997	£3,099	£4,079	£32,200	£39,378
Charge for year	1,066	-	8,050	9,116
Disposals	-	(4,079)	-	(4,079)
	-----	-----	-----	-----
At 30th June 1998	£4,165	-	£40,250	£44,415
	-----	-----	-----	-----
Net book value at 30th June 1998	£2,485	-	£40,250	£42,735
	=====	=====	=====	=====
Net book value at 30th June 1997	£3,551	-	£48,300	£51,851
	=====	=====	=====	=====

NERIC LIMITED

Notes to the Financial Statements (Continued)

For the year ended 30th June 1998

9. 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
Falcon Freeholds (Management) Limited	£1,000	100%	Dormant
Neric Marine Limited	£ 2	100%	Dormant
Falcon Freeholds Limited	£100	100%	Investment

In addition the company owns 20,000 5% Preference shares of £1 each in Falcon Freeholds Limited, being 100% of that class.

The company acquired the two classes of shares in Falcon Freeholds Limited during the year for a total consideration of £20,200.

10. Debtors

	1998	1997
	<u>£</u>	<u>£</u>
Trade debtors	2,750	-
Amount owed by subsidiaries	36,911	66,880
Other debtors	7,401	5,122
	<hr/>	<hr/>
	£47,062	£72,002
	=====	=====

11. Creditors: amounts falling due within one year

	1998	1997
	<u>£</u>	<u>£</u>
Current instalments due on bank loans	4,166	5,000
Trade creditors	30,599	23,248
Amount owed to subsidiaries	5,963	3,464
Current corporation tax	-	-
	<hr/>	<hr/>
	£40,728	£31,712
	=====	=====

NERIC LIMITED

Notes to the Financial Statements (Continued)

For the year ended 30th June 1998

12. Creditors: amounts falling due after one year

	1998	1997
	<u>£</u>	<u>£</u>
Bank loans (Note 13)	-	4,167
	<u>-</u>	<u>£4,167</u>
	=====	=====

13. Loans

	1998	1997
	<u>£</u>	<u>£</u>
Wholly repayable within five years	4,166	9,167
Amount due within one year (Note 11)	4,166	5,000
	<u>-</u>	<u>£4,167</u>
	=====	=====

14. Deferred taxation

	£
At 1st July 1997	£11,242
Released in year	(6,803)
	<u>-</u>
At 30th June 1998	£4,439
	=====

Deferred taxation is represented by accelerated capital allowances

15. Share capital

	<u>Authorised</u>	<u>Allotted, called</u>
	<u>£</u>	<u>up and fully paid</u>
	<u>£</u>	<u>£</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
	<u>1,000</u>	<u>100</u>
	=====	=====

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 1998

16. Profit and loss account

	£
At 1st July 1997	£81,083
Loss for the financial year	(14,570)

At 30th June 1998	£66,513
	=====

17. Movements in shareholders' funds

	Share capital	Profit and loss account	Total
	£	£	£
At 1st July 1996	100	65,018	65,118
Profit for the financial year		16,065	16,065
	-----	-----	-----
At 30th June 1997	100	81,083	81,183
Loss for the financial year		(14,570)	(14,570)
	-----	-----	-----
At 30th June 1998	£100	£66,513	£66,613
	=====	=====	=====

18. Capital commitments

The company has capital commitments of £nil at 30th June 1998 (£nil at 30th June 1997)

19. Contingent liabilities

There were no contingent liabilities at either 30th June 1998 or 30th June 1997

NERIC LIMITED

Detailed Profit and Loss Account

For the year ended 30th June 1998

	1998	1997
	<u>£</u>	<u>£</u>
Income		
Gross fees	27,200	32,128
Interest received	0	0
Commission	0	39
Lease rental	12,263	25,527
Inter-group dividends	0	200,064
	<hr/>	<hr/>
	39,463	257,758
	<hr/>	<hr/>
Expenses		
Pension contributions	0	263
Travel, subsistence and staff welfare	246	3,830
Entertaining	0	273
General expenses	1,391	6,747
Motor expenses	3,055	6,252
Printing, stationery and publications	734	2,362
Audit and accountancy fee	2,865	13,550
Subscriptions	0	330
Leased asset maintenance	27,626	41,014
Bank interest paid	598	973
Bank charges	205	172
Depreciation:-		
Leased assets	8,050	7,857
Furniture and equipment	1,066	3,454
Management fee - Neric Holdings	15,000	
Profit on sale of motor vehicle	0	(2,915)
Provision on amount due from subsidiary	0	159,238
	<hr/>	<hr/>
	60,836	243,400
	<hr/>	<hr/>
(Loss)/profit before taxation	(21,373)	14,358
Taxation		
Charge for year	0	0
Deferred taxation	(6,803)	(1,707)
	<hr/>	<hr/>
	(6,803)	(1,707)
	<hr/>	<hr/>
(Loss)/profit after taxation	(£14,570)	£16,065
	=====	=====