

ARALON ADVISORY SERVICES LIMITED
FINANCIAL STATEMENTS (STATUTORY)
FOR THE YEARS ENDED 31 DECEMBER 1994 AND 1993

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ARALON ADVISORY SERVICES LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1994

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ARALON ADVISORY SERVICES LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 1994

1. Financial statements

The directors present their report and the audited financial statements for the year ended 31 December 1994.

2. Principal Activity

The principal activity of the company is the provision of accountancy and consultancy services.

3. Review of business and future developments

The directors expect that the present level of activity will be sustained for the foreseeable future.

4. Dividends and transfers to reserves

The directors do not recommend a dividend for the year. The profit for the financial year of £197,626 will be transferred to reserves.

5. Fixed assets

The movements in fixed assets during the year are set out on page 12.

6. Directors

The directors of the company at 31 December 1994, all of whom have been directors for the whole of the year ended on that date, were as follows:-

J.W.C. Swartz (Chairman)
D.W. Hall (Secretary)

7. Directors' interests in shares of the company

No directors had any beneficial interest in the shares of the company at any time during the year.

8. Directors' interests in contracts

There were no contracts during the year in which a director held a beneficial interest.

9. Close company provisions

The company is a close company under the provisions of Section 414 of the United Kingdom Income and Corporation Taxes Act 1988.

ARALON ADVISORY SERVICES LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 1994

10. Directors' responsibilities

The directors are required by U.K. company law to prepare financial statements for each financial year that 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 for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 December 1994. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

11. Auditors

A resolution to reappoint Coopers & Lybrand will be proposed at the annual general meeting.

BY ORDER OF THE BOARD



D.W. Hall
Secretary

24 April, 1995

Registered office:-

20 Cadogan Place,
LONDON,
SW1X 9SA.

REPORT OF THE AUDITORS
TO THE MEMBERS OF ARALON ADVISORY SERVICES LIMITED

We have audited the financial statements set out on pages 4 to 11.

1. Respective responsibilities of directors and auditors

As described on page 2 the company's 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.

2. 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 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 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.

3. Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Coopers & Lybrand
Coopers & Lybrand
Chartered Accountants and Registered Auditors
LONDON

24 April

1995

ARALON ADVISORY SERVICES LIMITED
BALANCE SHEET AS AT 31 DECEMBER 1994

	NOTES	1994 £	1993 £
Fixed assets	6	409,869	335,215
Current assets			
Debtors	7	1,330,015	1,036,755
Cash at bank and in hand		149,739	344,679
		1,479,754	1,381,434
Creditors: amount falling due within one year	8	238,210	266,214
Net current assets		1,241,544	1,115,220
Total assets less current liabilities		1,651,413	1,450,435
Creditors: amounts falling due after more than one year	9	495,000	495,000
Provisions for liabilities and charges	10	3,352	-
Net Assets		£ 1,153,061	£ 955,435
Capital and reserves			
Called up share capital	11	100	100
Retained profits		1,152,961	955,335
Equity shareholder's funds	12	£ 1,153,061	£ 955,435

Approved by the board on

J.W.C. Swartz

D.W. Hall

24 April

1995

Directors

Report of the Auditors is on page 3.

The notes on pages 6 to 11 form an integral part of these financial statements.

ARALON ADVISORY SERVICES LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1994

	<u>NOTES</u>	<u>1994</u> £	<u>1993</u> £
Turnover - continuing operations	1.6	3,444,236	2,724,232
Net operating expenses - continuing operations		(3,149,316)	(2,486,754)
Operating profit - continuing operations		294,920	237,478
Interest receivable and similar income		9,426	6,442
Profit on ordinary activities before taxation	2	304,346	243,920
Tax on profit on ordinary activities	5	(106,720)	(90,171)
Retained profit for the year		£ 197,626	£ 153,749
STATEMENT OF RETAINED PROFITS			
Retained profits brought forward		955,335	801,586
Retained profit for the year		197,626	153,749
Retained profits carried forward		£ 1,152,961	£ 955,335

The company has no recognised gains and losses other than profits above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents.

Report of the Auditors is on page 3.

The notes on pages 6 to 11 form an integral part of these financial statements.

ARALON ADVISORY SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1994

1. PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom.

A summary of the more important accounting policies which have been applied consistently is set out below:-

1.1 Basis of accounting

The financial statements have been prepared under the historical cost convention using the going concern basis which assumes the continued support of the ultimate holding company.

1.2 Tangible fixed assets

Tangible fixed assets are stated at their purchase price, together with any incidental expenses of acquisition. Provision for depreciation is made so as to write off the cost of tangible fixed assets on a straight line basis over the expected useful economic life of the assets concerned, or in the case of leasehold properties, over the remaining period of the lease or over a period of 50 years, whichever is less. The principal annual rates used for this purpose are:-

Leasehold improvement	Lease life
Furniture and fittings	10%
Computer equipment	20%
Motor vehicles - acquired pre 01.01.87	25%
- acquired post 31.12.86	17½% over first 4 years
	7½% over next 4 years

1.3 Operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term.

1.4 Taxation

The charge for taxation is based on the profit for the year as adjusted for disallowable items. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is probable that a liability or asset will crystallise. Timing differences arise from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in the accounts. Provision is made at the rate which is expected to be applied when the liability or asset is expected to crystallise.

ARALON ADVISORY SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

1.5 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rate ruling at the balance sheet date. Exchange gains or losses are included in operating profit.

1.6 Turnover

Turnover, which excludes value added tax, represents the invoiced value of services supplied. Travel expenses amounting to £174,930 (1993: £111,896) have been invoiced at cost. The geographical analysis of turnover is set out below:-

	<u>1994</u> £	<u>1993</u> £
United Kingdom	30,000	30,000
Europe	2,739,236	2,054,232
North America	675,000	640,000
	-----	-----
<u>TOTAL</u>	£ 3,444,236	£ 2,724,232
	=====	=====

1.7 Pension scheme arrangement

The company operates a defined contribution pension scheme for certain employees. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £59,000 (1993 - £32,000).

1.8 Small company status

The company qualifies as a small company under the terms of section 247 of the Companies Act 1985. As a consequence it is exempt from the requirement to publish a cashflow statement.

2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit before taxation is stated after charging:-

	<u>1994</u> £	<u>1993</u> £
Gain on sale of assets	3,196	1,200
Auditor's remuneration	3,922	4,497
Depreciation of fixed assets	105,077	87,889
Directors' emoluments (see note 3)	280,975	288,778
	=====	=====

ARALON ADVISORY SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

3. DIRECTORS' EMOLUMENTS

- a) Directors' emoluments comprise emoluments (including pension contributions) for management services of £280,975 (1993 £288,778).
- b) Particulars of directors' emoluments (excluding pension contributions) are as follows:-

	<u>1994</u> £	<u>1993</u> £
Emoluments of the chairman	£ 151,263	£ 153,874
Number of directors (excluding the chairman above) whose emoluments were within the range:-		
£105,001 to £110,000	-	1
£100,001 to £105,000	1	-

4. EMPLOYEE INFORMATION

- a) The company employed an average of 49 employees (1993: 45) (including executive directors) during the period, all of whom are involved in the provision of services.
- b) Employment costs of all employees including temporary staff, were as follows:-

	<u>1994</u> £	<u>1993</u> £
Gross salaries and wages	1,737,681	1,437,236
Employer's national insurance and state pension contributions	151,950	137,549
Other pension costs (see note 1.7)	59,000	32,000
	----- £ 1,948,631 =====	----- £ 1,606,785 =====

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	<u>1994</u> £	<u>1993</u> £
United Kingdom corporation tax at 33%(1993 : 33%)	103,368	90,171
Deferred tax	3,352	-
<u>TOTAL</u>	----- £ 106,720 =====	----- £ 90,171 =====

ARALON ADVISORY SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

6. FIXED ASSETS

	<u>NET BOOK VALUE</u>	
	<u>1994</u>	<u>1993</u>
	£	£
Leasehold improvement	40,407	89,096
Furniture and fittings	121,974	79,251
Computer equipment	163,295	102,166
Motor vehicles	84,193	64,702
	-----	-----
<u>TOTAL</u>	£ 409,869	£ 335,215
	=====	=====

The movements on fixed assets are set out on Appendix A.

7. DEBTORS

	<u>1994</u>	<u>1993</u>
	£	£
Trade debtors	1,258,856	985,288
Prepayments and accrued income	71,159	51,467
	-----	-----
<u>TOTAL</u>	£ 1,330,015	£ 1,036,755
	=====	=====

All the above amounts are due within one year of the balance sheet date.

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>1994</u>	<u>1993</u>
	£	£
Trade creditors	83,255	57,428
Other creditors, including tax and social security	113,123	99,397
Accrued expenses	41,832	109,389
	-----	-----
<u>TOTAL</u>	£ 238,210	£ 266,214
	=====	=====

The creditors for taxation and social security includes UK corporation tax payable amounting to £103,368 (1993: £90,421).

ARALON ADVISORY SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

9. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

The advances from the holding company are unsecured, free of interest and no fixed date for repayment has been set.

The movements on the advances can be summarised as follows:-

	<u>1994</u> £	<u>1993</u> £
At 1 January	495,000	495,000
Movement during the year:-		
Cash advances	-	-
At 31 December	£ 495,000	£ 495,000

10. PROVISIONS FOR LIABILITIES AND CHARGES

	<u>1994</u> £	<u>1993</u> £
Deferred tax representing the full potential (asset)/ liability:-		
Capital allowances	£ 3,352	£ (7,386)

The movement on the provision for deferred tax is as follows:-

	£
At 1 January	-
Transferred to profit and loss account	3,352
At 31 December	£ 3,352

11. CALLED UP SHARE CAPITAL

	<u>1994</u> £	<u>1993</u> £
<u>Authorised:</u>		
100 ordinary shares of £1 each	£ 100	£ 100
<u>Allotted, called up, and fully paid:</u>		
100 shares of £1 each	£ 100	£ 100

ARALON ADVISORY SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>1994</u> £	<u>1993</u> £
Profits for the financial year	197,626	153,749
Net addition to shareholders' funds	197,626	153,749
Opening equity shareholders' funds	955,435	801,686
Closing equity shareholders' funds	£ 1,153,061	£ 955,435

13. FINANCIAL COMMITMENTS

The company leases three properties on short term leases. The annual rental payable under these leases amounted to £86,213 expiring within one year (1993: £30,780), none expiring between two and five years inclusive (1993: £81,875) and £70,000 expiring in over five years (1993: £70,000). The rent payable under one of these leases is subject to renegotiation at various intervals specified in the lease.

The company had no capital commitments at 31 December 1994 (1993 - NIL).

14. ULTIMATE HOLDING COMPANY

The ultimate holding company is Mawarid Limited incorporated in the Kingdom of Saudi Arabia.

15. DIRECTORS' LOANS

In accordance with the requirements of Schedule 6 to the Companies Act 1985 the amounts arising from persons who were directors during the year were as follows:-

<u>NAME OF DIRECTOR</u>	<u>TYPE OF LOAN</u>	<u>BALANCE AT 31.12.94</u> £	<u>BALANCE AT 31.12.93</u> £	<u>MAXIMUM AMOUNT OUTSTANDING DURING THE PERIOD</u> £
J.W.C. Swartz	Quasi - loan	835	1,836	1,858

The balance at 31 December 1994 has been repaid during 1995.

APPENDIX A

ARALON ADVISORY SERVICES LIMITED

COOPERS & LYBRAND

NOTES TO THE FINANCIAL STATEMENTS (continued)

FIXED ASSETS

	<u>LEASEHOLD IMPROVEMENTS</u> £	<u>FURNITURE AND FITTINGS</u> £	<u>COMPUTER EQUIPMENT</u> £	<u>MOTOR VEHICLES</u> £	<u>TOTAL</u> £
<u>Cost</u>					
At 1 January	115,781	164,405	334,074	204,345	818,605
Additions	81,637	55,585	88,405	46,454	272,081
Disposals	(89,096)	-	-	(28,035)	(117,131)
At 31 December	108,322	219,990	422,479	222,764	973,555
	-----	-----	-----	-----	-----
<u>Depreciation</u>					
At 1 January	26,685	85,154	231,908	139,643	483,390
Charge for the year	41,230	12,862	27,276	23,709	105,077
Disposals	-	-	-	(24,781)	(24,781)
At 31 December	67,915	98,016	259,184	138,571	563,686
	-----	-----	-----	-----	-----

NET BOOK VALUE

AT 31 DECEMBER 1994	£ 40,407	£121,974	£163,295	£ 84,193	£409,869
	=====	=====	=====	=====	=====
AT 31 DECEMBER 1993	£ 89,096	£ 79,251	£102,166	£ 64,702	£335,215
	=====	=====	=====	=====	=====