

Audley Group Limited

**Directors' report
and financial statements**

31 December 1995

Registered Number 01823605



Audley Group Limited

(formerly known as The Dorchester Limited)

Registered Number 01823605

Directors' report and financial statements
for the year ended 31 December 1995

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Audley Group Limited

(formerly known as The Dorchester Limited)

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 1995.

Change of Name

On 7th March 1995, the company changed its name from The Dorchester Limited to Audley Group Limited.

Principal activities

During the year, the group continued to own and manage The Dorchester Hotel, Park Lane, London. On 8th March 1995, the company acquired from a related company 100% interest in companies which own The Beverley Hills Hotel in Los Angeles and two commercial properties in the United States of America (for further details see note 2).

Increase in share capital

During the year, the company issued a further 1 ordinary share of £1 fully paid in consideration for the share capital of Ranmore Corporation NV. As the acquisition was by means of a share for share exchange, it has been accounted for by using the merger method of accounting and the consolidated profit and loss account, balance sheet and cash flow statements for the year ended 31 December 1994 have been restated.

Business review

The consolidated profit on ordinary activities after taxation is £5,323,659 (1994 loss: £5,497,898). The directors consider the results for the year to be satisfactory.

Proposed dividend and transfer to reserves

The directors do not recommend the payment of a dividend (1994: *Nil*). The retained profit of £5,323,659 (1994: loss of £5,497,898) was transferred to reserves.

Significant changes in fixed assets

The movement in tangible fixed assets is outlined in note 10 to the financial statements.

Directors and directors' interests

The details of the directors of the company who have served during the year are as follows:

Current directors:

Haji Abdul Aziz bin Abdul Rahman (Chairman)
Haji Awang Kassim
Haji Mohamad Arbi Haji Abdul Hamid
Awang Haji Shukri, bin Haji Abang Taha
Pengiran Airudin bin Pengiran Haji Mohamad
Haji Ghani Abdul Hamid
Suriati Haji Mohamad Taib
Anil Tanna
Riccardo Obertelli

Audley Group Limited

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Directors and directors' interests (*continued*)

The directors do not have any beneficial interests in the share capital of the company.

According to the register of directors' interests, no rights to subscribe for shares in or debentures of the company or any other group company were granted to any of the directors or their immediate families, or exercised by them, during the financial year.

Employees

It is the group's continuing policy and practice to involve staff by providing and receiving information relevant to the progress, development and performance of the company. Matters of concern to staff as employees were communicated through briefing by executives and heads of departments, a newsletter and training courses. Consultation with staff on matters affecting their interests and the general efficiency of the group took place in various ways; one of these was through the elected staff representatives on a consultative committee which met regularly during the year.

In relation to the employment of disabled persons, the hotel's policy is to give the same consideration to disabled people as to other people, in regard to applications for employment, continuation of employment, training, career development and promotion, having regard to their particular aptitudes and abilities.

Political and charitable contributions

During the year, the group donated £312 (1994: £350) for charitable purposes. There were no political donations.

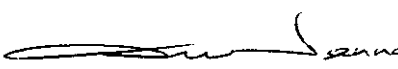
Liability insurance

During the year, the company did not maintain any liability insurance for its directors or officers.

Auditors

Persuant to a shareholders' resolution, the company is no longer obliged to reappoint its auditors annually and KPMG will therefore continue in office.

By order of the Board



A Tanna
Secretary

53 Park Lane
London W1A 2HJ
Date: 14 March 1996

Audley Group Limited

(formerly known as The Dorchester Limited)

Statement of directors' responsibilities

The directors are required by UK company law to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and group and of the profit or loss 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for maintaining 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. In addition, the directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

Audley Group Limited

(formerly known as The Dorchester Limited)

Report of the auditors KPMG to the members of Audley Group Limited

We have audited the financial statements on pages 5 to 22.

Respective responsibilities of directors and auditors

As described on page 3, 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.

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 group'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.

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the company and the group as at 31 December 1995 and of the profit for the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

KPMG
Chartered Accountants
Registered Auditors

London
Date: *15th April*, 1996

Audley Group Limited
(formerly known as The Dorchester Limited)

Consolidated profit and loss account
for the year ended 31 December 1995

	Note	1995 £	1994 £
Continuing Operations			
Turnover	3	60,836,798	36,181,333
Cost of sales		(29,320,244)	(19,994,857)
Gross profit		<u>31,516,554</u>	<u>16,186,476</u>
Operating Expenses		(23,186,440)	(17,459,342)
Operating profit		<u>8,330,114</u>	<u>(1,272,866)</u>
Interest receivable and similar income	7	927,410	1,201,863
Interest payable and similar charges	8	(3,933,865)	(5,032,624)
Profit on ordinary activities before taxation	4	<u>5,323,659</u>	<u>(5,103,627)</u>
Tax on profit on ordinary activities	9	-	(394,271)
Retained profit for the financial year		<u>5,323,659</u> =====	<u>(5,497,898)</u> =====

The historical cost results are the same as the reported results.

Audley Group Limited

(formerly known as The Dorchester Limited)

Consolidated statement of movements on reserves

	Share capital £	Share Premium £	Merger reserve £	Profit and loss account £	Total
The Group					
Balance at 1 January 1995	120,009,413	182,711,273	49,258,983	(131,353,222)	220,626,447
Profit retained for year	-	-	-	5,323,659	5,323,659
Foreign exchange translation differences	-	-	-	991,065	991,065
Amounts written off investment	-	-	397,860	-	397,860
Capital contribution	-	-	22,799,818	-	22,799,818
Goodwill written off	-	-	-	(1,030,710)	(1,030,710)
Balance at 31 December 1995	<u>120,009,413</u>	<u>182,711,273</u>	<u>72,456,661</u>	<u>(126,069,208)</u>	<u>249,108,139</u>
The Company					
Balance at 1 January 1995	120,009,412	-	-	(1,956,103)	118,053,309
Profit retained for year	-	-	-	4,435,985	4,435,985
Shares issued	1	182,711,273	-	-	182,711,274
Balance at 31 December 1995	<u>120,009,413</u>	<u>182,711,273</u>	<u>-</u>	<u>2,479,882</u>	<u>305,200,568</u>

Audley Group Limited

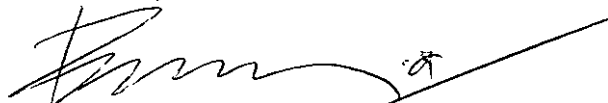
(formerly known as The Dorchester Limited)

Consolidated balance sheet at 31 December 1995

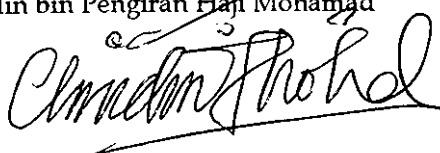
	Note	£	1995 £	£	1994 £
Fixed assets					
Tangible assets	10		377,233,646		349,192,250
Current assets					
Stocks	12	2,044,043		1,896,882	
Debtors	13	14,578,575		8,288,598	
Cash at bank and in hand		13,869,990		15,506,929	
		<u>30,492,608</u>		<u>25,692,409</u>	
Creditors: amounts falling due within one year	14	(9,729,362)		(12,419,547)	
Net current assets			20,763,246		13,272,862
Total assets less current liabilities			<u>397,996,892</u>		<u>362,465,112</u>
Creditors: amounts falling due after more than one year	15		(147,355,798)		(140,538,035)
Provision for liabilities and charges	16		(1,532,955)		(1,300,630)
Net assets			<u>249,108,139</u> =====		<u>220,626,447</u> =====
Capital and reserves					
Called up share capital	17		120,009,413		120,009,413
Share premium account	2		182,711,273		182,711,273
Other reserves			72,456,661		49,258,983
Profit and loss account			(126,069,208)		(131,353,222)
			<u>249,108,139</u> =====		<u>220,626,447</u> =====

These financial statements were approved by the board of directors on 14 March 1996 and were signed on its behalf by:

Haji Mohamad Arbi Haji Abdul Hamid
Director



Pengiran Airudin bin Pengiran Haji Mohamad
Director



Audley Group Limited
(formerly known as The Dorchester Limited)

Balance sheet
at 31 December 1995

	Note	£	1995 £	£	1994 £
Fixed assets					
Investments	11		258,322,105		45,138,920
Current assets					
Debtors	13	56,255,187		82,292,857	
Cash at bank and in hand		87,593		54,161	
			<u>56,342,780</u>	<u>82,347,018</u>	
Creditors: amounts falling due within one year	14	(1,127,574)		(1,095,886)	
Net current assets			<u>55,215,206</u>		<u>81,251,132</u>
Total assets less current liabilities			<u>313,537,311</u>		<u>126,390,052</u>
Creditors: amounts falling due after more than one year	15		(8,336,743)		(8,336,743)
Net assets			<u>305,200,568</u> =====		<u>118,053,309</u> =====
Capital and reserves					
Called up share capital	17		120,009,413		120,009,412
Share premium account	2		182,711,273		-
Profit and loss account			2,479,882		(1,956,103)
			<u>305,200,568</u> =====		<u>118,053,309</u> =====

These financial statements were approved by the board of directors on 14 March 1996 and were signed on its behalf by:

Haji Mohamad Arbi Haji Abdul Hamid
Director

Pengiran Airudin bin Pengiran Haji Mohamad
Director

Audley Group Limited

(formerly known as The Dorchester Limited)

Consolidated cash flow statement for the year ended 31 December 1995

	Note	1995 £	1994 £
Net cash inflow from operating activities	21	5,804,927	8,272,437
Return on investments and servicing of finance			
Interest received		927,410	849,575
Interest paid		(8,000,014)	(1,574,467)
		<hr/>	<hr/>
Net cash outflow from returns on investments and servicing of finance		(7,072,604)	(724,892)
Investing activities			
Payments to acquire tangible fixed assets		(34,666,505)	(80,661,732)
Sale of tangible fixed assets		11,331	66,312
		<hr/>	<hr/>
Net cash outflow from investing activities		(34,655,174)	(80,595,420)
Net cash outflow before financing		(35,922,851)	(73,047,875)
Financing			
Capital contribution		22,544,283	-
Bank loan		18,253,970	-
Repayments of Loan		(6,600,000)	(8,602,385)
Proceeds of ordinary share issue		-	82,009,412
		<hr/>	<hr/>
Increase/(decrease) in cash and cash equivalents	22	(1,724,598)	359,152
		<hr/>	<hr/>

Audley Group Limited

(formerly known as The Dorchester Limited)

Consolidated Statement of total recognised gains and losses year ended 31 December 1995

	1995 £	1994 £
Profit/(loss) for the financial year	5,323,659	(5,497,898)
Foreign exchange translation differences	991,065	325,005
Goodwill written off	(1,030,710)	-
Total recognised gains and losses relating to the year	5,284,014	(5,172,893)

	1995 £	1994 £
Consolidated reconciliation of movements in shareholders' funds year ended 31 December 1995		
Profit/(loss) for the financial year	5,323,659	(5,497,898)
Foreign exchange translation differences	991,065	325,005
Other recognised gains and losses relating to the year	(632,850)	-
Issue of shares	-	82,009,412
Capital contribution	22,799,818	-
Net addition to/(reduction in) shareholders' funds	28,481,692	76,836,519
Opening shareholders' funds	220,626,447	143,789,928
Closing shareholders' funds	249,108,139	220,626,447
	=====	=====

Audley Group Limited

(formerly known as The Dorchester Limited)

Notes

(forming part of the financial statements)

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the group's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules modified to include the revaluation of certain assets.

Basis of consolidation

The group accounts consolidate the accounts of Audley Group Limited and its subsidiary undertakings using the merger method of accounting. All of the subsidiary undertakings make up accounts to 31st December 1995.

The net investment method is used to translate the accounts of overseas subsidiaries. Under this method, the profit and loss account is translated at the average rate for the period. Any difference between the average and closing rates are taken to the profit and loss account. Assets and liabilities in the balance sheet are translated at the closing rate. Exchange differences arising from the retranslation of the opening net investment at the closing rate are taken to reserves.

Goodwill

Goodwill arising on consolidation is written off directly to reserves in the year in which it arises.

Fixed asset and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Leasehold land and buildings	-	life of lease
Plant, machinery, fixtures, fittings and tools	-	7% to 20% per annum
Motor vehicles	-	25% per annum

No depreciation is provided on freehold land or buildings. It is the group's policy to maintain these assets in a continual state of sound repair and to make improvements thereto from time to time. Accordingly, the directors consider that the lives of these assets are so long and residual values at the time of acquisition so high that their depreciation is insignificant. Provision is made for any diminution in value of fixed assets to the extent that it is considered permanent.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Pension costs

The group operates three pension schemes, two providing benefits based on final pensionable pay and one based on the contributions made to the scheme. The assets of all schemes are held separately from those of the group in independently administered funds. Contributions to the defined benefits schemes are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the group.

Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the weighted average purchase price is used.

Audley Group Limited

(formerly known as The Dorchester Limited)

Notes (continued)

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Turnover

Turnover represents the amounts (excluding taxes) derived from the provision of goods and services to customers during the year. The group's turnover on ordinary activities is analysed by class of business and location in note 3.

2. Acquisitions

On 8th March 1995 the company acquired 100% of the share capital of Ranmore Corporation NV (in liquidation), a company registered in Netherland Antilles for a consideration of 1 ordinary share which was valued at £182,711,274), equivalent to the net assets of the underlying company and to which share premium relief under Section 132 of the Companies Act 1985 was applicable. On liquidation, Ranmore Corporation NV assigned its assets and liabilities to Audley Group Limited, including a 100% shareholding in Laila Holdings BV, a company registered in Holland. On 13th March 1995, Audley Group Limited resolved to liquidate Laila Holdings BV and to transfer a 100% shareholding in Sajahtera Inc, a company registered in the United States of America, from Laila Holdings BV to Audley Group Limited in fulfilment of obligations entered into under a loan agreement dated 15th December 1994. As the acquisition of Ranmore was by means of a share for share exchange, it has been accounted for by the merger method of accounting. Prior year figures are restated in line with merger accounting principles and have been adjusted to bring underlying accounting principles in line. The losses after taxation of Sajahtera Inc were as follows:

Results prior to acquisition

	£
1 January 1995 to the date of acquisition	935,931
Preceding financial year ended 31st December 1994	12,251,797

The net assets of each party at the date of the merger were:

Audley Group Limited	£136,936,714
Sajahtera Inc	£182,711,274

Audley Group Limited

(formerly known as The Dorchester Limited)

Notes (continued)

3. Analyses of turnover, net profit on ordinary activities before taxation and net assets

Analyses by class of business and geographical location of turnover, net profit on ordinary activities before taxation and net assets are stated below:

Class of business	Turnover		Net Profit/(Loss) on ordinary activities before taxation		Net Assets	
	1995	1994	1995	1994	1995	1994
Hotels	50,866,408	33,687,699	5,055,262	(4,967,362)	203,100,375	174,967,239
Commercial properties	9,970,390	2,493,634	268,397	(136,265)	46,007,764	45,659,208
	<u>60,836,798</u>	<u>36,181,333</u>	<u>5,323,659</u>	<u>(5,103,627)</u>	<u>249,108,139</u>	<u>220,626,447</u>
Location						
United Kingdom	38,279,148	33,687,699	10,346,252	6,401,611	73,693,087	62,875,139
United States of America	22,557,650	2,493,634	(5,022,593)	(11,505,238)	175,415,052	157,751,308
	<u>60,836,798</u>	<u>36,181,333</u>	<u>5,323,659</u>	<u>(5,103,627)</u>	<u>249,108,139</u>	<u>220,626,447</u>

4. Profit on ordinary activities before taxation

	1995 £	1994 £
<i>Profit on ordinary activities before taxation is stated</i>		
<i>after charging</i>		
Auditors' remuneration		
Audit	112,653	93,941
Other services	116,050	122,286
Depreciation and other amounts written off tangible and intangible fixed assets	8,495,385	6,514,880
Loss/(profit) on sale of tangible fixed assets	(7,739)	3,984,525
Hire of plant and machinery	29,581	37,311
Other operating leases	104,463	53,105
<i>after crediting</i>		
Rents receivable from property	9,097,576	2,325,778
Exchange gain	42,863	47,177

The consolidated result for the financial year includes a profit of £4,435,985 (1994: £268,586) dealt with in the accounts of the company. In accordance with the exemption conferred by section 230 of the Companies Act 1985, the company has not published its own profit and loss account.

5. Remuneration of directors

	1995 £	1994 £
Directors' emoluments:		
Remuneration as executives	242,613	233,043
Pension contributions by company	32,250	29,875
	<u>274,863</u>	<u>262,918</u>
	=====	=====

Audley Group Limited

(formerly known as The Dorchester Limited)

Notes (continued)

The emoluments, excluding pension contributions, of the chairman and highest paid director were as follows:

	1995 £	1994 £
Chairman	-	-
Highest paid director	126,725	120,494

The emoluments, excluding pension contributions, of the directors (including the chairman and highest paid director) were within the following ranges:

	Number of Directors	
	1995	1994
£ Nil	6	6
£110,001 - £115,000	-	1
£115,001 - £120,000	1	-
£120,001 - £125,000	-	1
£125,001 - £130,000	1	-
	<u>8</u>	<u>8</u>
	=====	=====

6. Staff numbers and costs

The average number of persons employed by the group (including directors) during the year, analysed by category, was as follows:

	Number of Employees	
	1995	1994
Operations	984	508
Sales and Marketing	16	9
Administration	110	69
	<u>1,110</u>	<u>586</u>
	=====	=====

The aggregate payroll costs of the group were as follows:

	1995 £	1994 £
Wages and salaries	16,180,567	10,609,138
Social security costs	1,480,279	1,005,604
Other pension costs (see note 19)	346,328	274,330
	<u>18,007,174</u>	<u>11,889,072</u>
	=====	=====

Audley Group Limited

(formerly known as The Dorchester Limited)

Notes (continued)

7. Interest receivable and similar income

	1995	1994
	£	£
On bank deposits	927,410	630,407
Other	-	219,168
Foreign exchange movements	-	352,288
	<u>927,410</u>	<u>1,201,863</u>
	=====	=====

8. Interest payable and similar charges

	1995	1994
	£	£
On bank loans, overdrafts and other loans wholly repayable within five years	997,817	196,375
To group undertakings	2,878,978	4,836,249
Foreign exchange movements	57,070	-
	<u>3,933,865</u>	<u>5,032,624</u>
	=====	=====

9. Taxation

A corporation tax provision is not required (1994:£394,271) due to the availability of tax losses. There is no potential liability on a full deferred tax basis due to the availability of tax losses of £32,920,000.

Audley Group Limited

(formerly known as The Dorchester Limited)

Notes (continued)

10. Tangible fixed assets

<u>Group</u>	<u>Land and buildings</u> £	<u>Plant and machinery, fixtures and fittings tools and equipment</u> £	<u>Property in the course of construction</u> £	<u>Total</u> £
Cost				
At beginning of year	297,469,164	17,976,040	64,129,372	379,574,576
Foreign exchange translation differences	1,263,765	6,402	888,220	2,158,387
Additions	674,014	941,471	32,991,161	34,606,646
Transfers	85,712,758	9,601,674	(95,314,432)	-
Disposals	-	(656,848)	-	(656,848)
At end of year	385,119,701	27,868,739	2,694,321	415,682,761
Depreciation and diminution in value				
At beginning of year	19,144,506	11,237,819	-	30,382,325
Foreign exchange translation differences	210,719	13,928	-	224,647
Charge	5,032,880	3,462,505	-	8,495,385
Disposals	-	(653,242)	-	(653,242)
At end of year	24,388,105	14,061,010	-	38,449,115
Net book value				
At 31 December 1995	360,731,596	13,807,729	2,694,321	377,233,646
At 31 December 1994	278,324,658	6,738,221	64,129,371	349,192,250

The net book value of land and buildings comprises:

	1995 £	1994 £
Freehold	360,557,119	278,147,336
Long leasehold	174,477	177,322
	360,731,596	278,324,658

11. Fixed asset investments

	1995 £	1994 £
<i>Company</i>		
Investment at cost in subsidiary undertakings at cost	75,610,831	45,138,920
Investment by means of share for share exchange	182,711,274	-
	258,322,105	45,138,920

Audley Group Limited

(formerly known as The Dorchester Limited)

Notes (continued)

11. Fixed asset investments (continued)

The companies in which the company's interest is more than 10% are as follows:

	Principal activity	Class and percentage of shares held
Subsidiary undertakings		
Dorchester Hotel Limited	Hotel	Ordinary 100%
The Dorchester Limited (formerly known as Pageguide Limited)	Private Members Club	Ordinary 100% Preference 100%
Dorchester Jewellers Limited	Not trading	Ordinary 100%
New London Dorchester Jewellers Limited	Not trading	Ordinary 100%

All the above companies are incorporated in the United Kingdom and registered in England and Wales. The shares of Dorchester Hotel Limited are held directly by the company. The shares of the remaining subsidiaries are held by Dorchester Hotel Limited.

Ranmore Corporation NV, incorporated in Netherlands Antilles	In liquidation	Ordinary 100%
Laila Holdings BV, incorporated in Holland	In liquidation	Ordinary 100%
Sajahtera Inc, incorporated in USA	Hotel	Common stock 100%
Aman Inc, incorporated in USA	Commercial property	Common stock 100%
Raqib Inc, incorporated in USA	Commercial property	Common stock 100%

The shares of Ranmore Corporation, Laila Holdings BV and Sajahtera Inc are held directly by the company. The shares of Aman Inc and Raqib inc are held by Sajahtera Inc.

In the opinion of the directors the investments in the company's subsidiary undertakings are worth at least the amounts at which they are stated in the balance sheet.

12. Stocks

	1995 £	1994 £
Group		
Consumables	1,255,063	1,453,224
Goods for resale	788,980	443,658
	<u>2,044,043</u>	<u>1,896,882</u>
	=====	=====

There is no material difference between the replacement cost of stocks and their balance sheet amounts.

13. Debtors

	£	£
Group		
Trade debtors	13,689,671	7,339,648
Other debtors	215,601	148,836
Prepayments and accrued income	673,303	800,114
	<u>14,578,575</u>	<u>8,288,598</u>
	=====	=====

Audley Group Limited

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Notes (continued)

13. Debtors (continued)

	1995 £	1994 £
Company		
Loans to subsidiary undertakings at floating rates	56,253,421	82,009,412
Interest receivable on group loans	-	281,697
Other debtors	1,766	1,748
	<u>56,255,187</u>	<u>82,292,857</u>
	=====	=====

14. Creditors: Amounts falling due within one year

	1995 £	1994 £
Group		
Trade creditors	3,964,372	8,594,205
Taxation and social security	2,455,982	1,550,519
Accruals and deferred income	2,702,639	2,274,823
Other creditors	606,369	-
	<u>9,729,362</u>	<u>12,419,547</u>
	=====	=====
Company		
Amounts owed to subsidiary undertakings	1,087,838	1,080,886
Accruals and deferred income	39,736	15,000
	<u>1,127,574</u>	<u>1,095,886</u>
	=====	=====

15. Creditors: amounts falling due after more than one year

	1995 £	1994 £
Group		
Bank loan - the loan is secured and subject to interest at a floating rate of LIBOR + 0.2% and repayable in 1998	18,459,731	-
Loan from parent undertaking. The loan is unsecured, subordinated, interest free and not repayable before 2014	27,800,000	34,400,000
Loans from fellow subsidiary undertakings. The loans are unsecured, subordinated and not repayable before 1999 and 2014		
- interest free	45,336,743	45,336,743
- at floating rates	37,557,939	37,553,163
Accrued interest	18,006,611	23,068,546
Long term security deposits	194,774	179,583
	<u>147,355,798</u>	<u>140,538,035</u>
	=====	=====
Loans maturing between 2 to 5 years amount to	<u>£74,024,281</u>	<u>£60,621,709</u>
	=====	=====

The remaining balance of the loans are due after 5 years

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Notes (continued)

15. Creditors: amounts falling due after more than one year (continued)

Company

	1995 £	1994 £
Loan from fellow subsidiary undertaking. The loan is unsecured, subordinated, interest free and not repayable before 2014.	8,336,743	8,336,743
	=====	=====

16. Provision for liabilities and charges

Group

	1995 £	1994 £
Pension contributions (see note 19)	741,500	515,500
Deferred taxes	791,455	785,130
	1,532,955	1,300,630
	=====	=====

Deferred taxes at 31 December 1994

785,130

Effect of foreign exchange rates

6,325

Deferred taxes at 31 December 1995

791,455

Deferred taxes, which arise principally from temporary differences between reporting periods in which certain income and expenses are recognised for financial reporting purposes and the period in which they affect taxable income, are included in the amounts provided for income taxes.

17. Called up share capital

	1995 £	1994 £
<i>Group</i>		
<i>Authorised</i>		
Ordinary shares of £1 each	200,000,000	200,000,000
	=====	=====
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	120,009,413	120,009,413
	=====	=====
<i>Company</i>		
<i>Authorised</i>		
Ordinary shares of £1 each	200,000,000	200,000,000
	=====	=====
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	120,009,413	120,009,412
	=====	=====

During the year, the company issued 1 ordinary share of £1 fully paid in consideration for the shares in Ranmore Corporation NV.

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Notes (continued)

18. Commitments

Group

Capital commitments at the end of the financial year for which no provision has been made.

	1995	1994
	£	£
Contracted	2,817,391	27,344,430
Authorised but not contracted	1,303,561	842,578
	<u>4,120,952</u>	<u>28,187,008</u>
	=====	=====

19. Pension scheme

The group operates two pension schemes in the United Kingdom, a defined contribution scheme and a defined benefit scheme. The assets of the schemes are held separately from those of the group in independently administered funds.

The defined benefit scheme provides benefits based on final pensionable pay. Contributions made by the group are being charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the group. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The principal assumptions applied in the valuation calculation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. It was assumed that the investment returns would exceed the average salary increases by 1% per annum compound and future pensions would increase at the rate of 3% per annum compound.

The most recent actuarial valuation at 6 April 1994 showed that the market value of the defined benefit scheme's assets was £5.8m and that the actuarial value of those assets represented 124% of the benefits that had accrued to members, after allowing for expected future increases in earnings. As a result of the previous valuation as at 6th April 1991, certain benefits of members were improved and contributions from the company have been temporarily suspended. Contributions from employees remained at 4% of earnings. The combined pension charge for the period was £307,480 (1994: £270,646). A provision of £741,500 (1993: £515,500) is included in Provision for liabilities and similar charges, this being the excess of the accumulated pension cost over the amount funded.

The group operates a defined contribution scheme in the United States of America. The scheme allows individuals to make pretax income contributions and provides for a profit-sharing contribution plus a partial matching by the company for all eligible employees. The group contribution to this scheme for the period was £38,848 (1994: £3,684)..

20. Related party transactions

The group occupies a building in London, owned by a fellow subsidiary undertaking, on an annually renewable agreement at a rent of £179,172 (1994: *Nil*). It is estimated that the market rent of the building occupied is £298,620 (1994: £298,620). All other material related party transactions are contracted on commercial terms.

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Notes (continued)

21. Reconciliation of operating profit to net cash inflow from operating activities

	1995 £	1994 £
Operating profit/(loss)	8,330,114	(1,272,866)
Depreciation charge	7,536,038	6,514,880
Loss/(Profit) on sale of tangible fixed assets	(7,739)	3,984,525
Decrease/(increase) in stocks	(144,307)	116,337
(Increase)/decrease in debtors	(6,214,866)	143,638
Decrease/(increase) in creditors	(3,651,450)	(1,166,900)
Exchange (gain)/loss	(42,863)	(47,177)
Net cash inflow from operating activities	<u>5,804,927</u>	<u>8,272,437</u>
	=====	=====

22. Analysis of changes in cash and cash equivalents

	Cash £	Overdraft £	Net £
Balance at 31 December 1993	22,173,564	(6,000,000)	16,173,564
Net cash inflow/(outflow)	(5,640,848)	6,000,000	359,152
Effect of foreign exchange rates	(1,025,787)	-	(1,025,787)
Balance at 31 December 1994	<u>15,506,929</u>	<u>-</u>	<u>15,506,929</u>
Net cash inflow/(outflow)	(1,724,598)	-	(1,724,598)
Effect of foreign exchange rates	87,659	-	87,659
Balance at 31 December 1995	<u>13,869,990</u>	<u>-</u>	<u>13,869,990</u>
	=====	=====	=====

23. Analysis of changes in financing during the year

	Share capital £	Long term loans £
Balance at 31 December 1993	38,000,000	146,933,621
Repayment of loan	-	(8,602,385)
Accrued interest	-	2,074,393
Exchange gain	-	(47,177)
Proceeds from ordinary share issue	82,009,412	-
Issue of ordinary share for non cash consideration	1	-
Long term security deposits	-	179,583
Balance at 31 December 1994	<u>120,009,413</u>	<u>140,538,035</u>
Repayment of loan	-	(6,600,000)
Net interest paid	-	(5,063,594)
Exchange loss	-	6,435
Bank loan	-	18,459,731
Long term security deposits	-	15,191
Balance at 31 December 1995	<u>120,009,413</u>	<u>147,355,798</u>
	=====	=====

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Notes (continued)

24. **Ultimate parent company and parent undertaking of which the company is a member**

The company is a subsidiary undertaking of the Brunei Investment Agency, a statutory body incorporated in Brunei.

The largest and the smallest group in which the results of the company are consolidated is that headed by Audley Group Limited, a company registered in England and Wales. The consolidated accounts of Audley Group Limited are available to the public and may be obtained from the Registrar of Companies, Department of Trade and Industry, Companies House, Crown Way, Maindy, Cardiff CF4 3UZ.