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CLARION LIMITED
ANNUAL REPORT
YEAR ENDED 30 APRIL 1997
Company Number: 1908175

Pannell Kerr Forster



**PANNELL
KERR
FORSTER**
CHARTERED ACCOUNTANTS

CLARION LIMITED
COMPANY INFORMATION

Director	R D Walker
Secretary	A B C Walker
Company Number	1908175
Registered Office	Marble Arch King Street Knutsford Cheshire WA16 6HD
Auditors	Pannell Kerr Forster Chartered Accountants Sovereign House Queen Street Manchester M2 5HR

CLARION LIMITED

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CLARION LIMITED
DIRECTOR'S REPORT
YEAR ENDED 30 APRIL 1997

The director submits his report and the financial statements for the year ended 30 April 1997.

Change of name

The company changed its name from Clarion Financial Management Limited to Clarion Limited on 13 May 1996.

Results and dividends

The profit for the year, after taxation, amounted to £10,588 (1996 - £160,768).

The director does not recommend the payment of a dividend and recommends that the balance of retained profit totalling £10,588 be transferred to reserves.

Principal activity and review of business

The principal activity of the company during the year remained that of financial managers and insurance brokers. The director is satisfied with the results for the year and the state of affairs at the balance sheet date.

Director

The director who served during the year and his interest in the company's issued share capital at the balance sheet date and at the start of the year was:

	Ordinary £1 shares	
	1997	1996
R D Walker	300	300

A B C Walker resigned on 9 August 1996.

R D Walker has a further interest in 700 shares as a beneficiary of a family trust.

Auditors

The auditors, Pannell Kerr Forster, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

By order of the board

17 September 1997

A. Walker.

A B C Walker
Secretary

CLARION LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 and of the profit or loss of the company 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 company will continue in business.

The directors are responsible for keeping 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**AUDITORS' REPORT TO THE SHAREHOLDERS OF
CLARION LIMITED**

**PANNELL
KERR
FORSTER**
CHARTERED ACCOUNTANTS

We have audited the financial statements on pages 4 to 13 which have been prepared under the accounting policies set out on page 7.

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.

Basis of opinion

We conducted our audit in accordance with Auditing Standards. 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 30 April 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PANNELL KERR FORSTER

Chartered Accountants

Registered Auditors

Manchester

23 September 1997

CLARION LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 30 APRIL 1997

	Notes	1997 £	1996 £
TURNOVER	2	489,526	1,096,519
GROSS PROFIT		489,526	1,096,519
Administrative expenses		(470,182)	(884,755)
OPERATING PROFIT	3	19,344	211,764
Interest receivable and similar items	6	2,354	11,017
Interest payable and similar items	7	(6,026)	(6,806)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		15,672	215,975
TAXATION	8	(5,084)	(55,207)
PROFIT FOR THE FINANCIAL YEAR		10,588	160,768
DIVIDENDS	9	-	(200,000)
		10,588	(39,232)

All amounts relate to continuing operations.

There were no recognised gains or losses for the year other than those included in the profit and loss account.

CLARION LIMITED
BALANCE SHEET
30 APRIL 1997

	Notes	1997 £	1996 £
FIXED ASSETS			
Tangible	10	91,445	71,238
CURRENT ASSETS			
Debtors	11	21,669	31,788
Cash at bank and in hand		24,846	146,096
		<u>46,515</u>	<u>177,884</u>
CREDITORS: amounts falling due within one year	12	(108,497)	(219,283)
NET CURRENT LIABILITIES		<u>(61,982)</u>	<u>(41,399)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>29,463</u>	<u>29,839</u>
CREDITORS: amounts falling due after more than one year	13	(16,058)	(27,022)
NET ASSETS		<u>13,405</u>	<u>2,817</u>
CAPITAL AND RESERVES			
Called up share capital	16	1,000	1,000
Profit and loss account	17	12,405	1,817
SHAREHOLDERS' FUNDS	18	<u>13,405</u>	<u>2,817</u>

The financial statements were approved by the board on 17 September 1997

Signed on behalf of the board of directors

R D Walker Director

Ron Walker

CLARION LIMITED
CASH FLOW STATEMENT
YEAR ENDED 30 APRIL 1997

	£	1997 £	£	1996 £
Reconciliation of operating profit to net cash (outflow)/inflow from operating activities				
Operating profit	19,344		211,764	
Depreciation of tangible fixed assets	21,674		15,284	
Profit on sale of fixed assets	(8,206)		(3,686)	
(Increase)/decrease in debtors	(4,867)		44,575	
(Decrease)/increase in creditors	(74,502)		111,088	
Net cash (outflow)/inflow from operating activities		<u>(46,557)</u>		<u>379,025</u>
CASH FLOW STATEMENT (note 19)				
Net cash (outflow)/inflow from operating activities		(46,557)		379,025
Returns on investments and servicing of finance		(3,672)		4,211
Taxation		(40,216)		(45,614)
Capital expenditure		(19,669)		(4,639)
Equity dividends paid		-		(200,000)
		<u>(110,114)</u>		<u>132,983</u>
Financing		(30,896)		(28,156)
(Decrease)/increase in cash		<u>(141,010)</u>		<u>104,827</u>
Reconciliation of net cash flow to movement in net debt (note 20)				
(Decrease)/increase in cash in the period		(141,010)		104,827
Cash outflow from decrease in debt and finance leasing		30,896		28,156
New finance leases		(14,006)		(23,015)
Change in net debt		<u>(124,120)</u>		<u>109,968</u>
Net debt at 1 May 1996		91,901		(18,067)
Net debt at 30 April 1997		<u>(32,219)</u>		<u>91,901</u>

CLARION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 APRIL 1997

1 ACCOUNTING POLICIES

(a) Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

(b) Turnover

Commission income represents cash received.

(c) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Fixtures and fittings	15 % reducing balance
Computer equipment	25 % reducing balance
Motor vehicles	25 % reducing balance

(d) Finance and operating leases

Assets acquired under finance leases or hire purchase are treated as tangible fixed assets and depreciation is provided accordingly. The present value of future rentals is shown as a liability and the interest element of rental obligations is charged to the profit and loss account over the period of the lease in proportion to the capital balance outstanding.

Operating lease rentals are charged in the profit and loss account on a straight line basis over the lease term.

(e) Deferred taxation

Provision is made for deferred tax using the liability method to the extent that it is probable that a liability will crystallise.

2 TURNOVER

Turnover is attributable to one class of business.

All turnover arose within the United Kingdom.

CLARION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 APRIL 1997

3 OPERATING PROFIT

The operating profit is stated after charging:

	1997	1996
	£	£
Depreciation of tangible fixed assets:		
- owned by the company	7,916	2,578
- held under finance lease or hire purchase contracts	13,758	12,706
Audit fees	5,000	5,000
Operating lease rentals:		
- plant & machinery	4,194	5,597
	<u> </u>	<u> </u>

4 DIRECTORS' EMOLUMENTS AND BENEFITS

	1997	1996
	£	£
Contributions to money purchase pension schemes	2,000	5,000
Benefits in kind	35,568	127,657
	<u> </u>	<u> </u>
	<u>37,568</u>	<u>132,657</u>

One director (1996 - one) was a member of a company pension scheme.

The number of directors who received shares or became entitled to receive shares under long term incentive schemes was NIL (1996 - NIL).

5 STAFF COSTS

Staff costs, including directors' emoluments, were as follows:

	1997	1996
	£	£
Wages and salaries	83,868	54,105
Social security costs	10,913	12,203
Other pension costs	6,175	9,875
Payments to employee benefits trust	-	300,000
Other costs	3,414	104,111
	<u> </u>	<u> </u>
	<u>104,370</u>	<u>480,294</u>

The average monthly number of employees, including executive directors, during the year was:

	No.	No.
Administration	6	5
	<u> </u>	<u> </u>

CLARION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 APRIL 1997

6 INTEREST RECEIVABLE AND SIMILAR ITEMS

	1997	1996
	£	£
Other interest receivable	2,354	11,017
	<u>2,354</u>	<u>11,017</u>

7 INTEREST PAYABLE AND SIMILAR ITEMS

	1997	1996
	£	£
Bank loans and overdrafts	3,543	3,924
Finance charges under finance lease and hire purchase contracts	2,483	1,639
Interest on overdue taxation	-	1,243
	<u>6,026</u>	<u>6,806</u>

8 TAXATION

	1997	1996
	£	£
Current year taxation		
UK corporation tax at 24% (1996 - 25%)	5,089	55,207
Adjustments in respect of prior periods		
Corporation tax	(5)	-
	<u>5,084</u>	<u>55,207</u>

9 DIVIDENDS

	1997	1996
	£	£
Ordinary shares		
Interim paid (1996 : £666.66)	-	666,660
Formal waiver lodged in respect of 700 shares		
Interim dividend (1996 : £666.66)	-	(466,660)
Total dividends	<u>-</u>	<u>200,000</u>

CLARION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 APRIL 1997

10 TANGIBLE FIXED ASSETS

	Fixtures and fittings £	Computer equipment £	Motor vehicles £	Total £
Cost				
At 1 May 1996	7,874	21,719	90,361	119,954
Additions	20,983	1,060	35,535	57,578
Disposals	-	-	(30,447)	(30,447)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 April 1997	28,857	22,779	95,449	147,085
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 May 1996	4,823	14,501	29,392	48,716
Charge for year	1,338	1,826	18,510	21,674
On disposals	-	-	(14,750)	(14,750)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 April 1997	6,161	16,327	33,152	55,640
	<hr/>	<hr/>	<hr/>	<hr/>
Net book amount				
At 30 April 1997	22,696	6,452	62,297	91,445
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 April 1996	3,051	7,218	60,969	71,238
	<hr/>	<hr/>	<hr/>	<hr/>

The net book amounts of motor vehicles above include £45,005 (1996 - £60,969) in respect of assets held under finance leases or hire purchase contracts.

11 DEBTORS

	1997 £	1996 £
Due within one year		
Other debtors	18,937	24,678
Prepayments & accrued income	2,732	7,110
	<hr/>	<hr/>
	21,669	31,788
	<hr/>	<hr/>

Other debtors include a loan to R D Walker amounting to £9,125 (1996 - £NIL) which was repaid shortly after the balance sheet date. The maximum amount outstanding during the year was £9,125.

CLARION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 APRIL 1997

12 CREDITORS:

Amounts falling due within one year

	1997	1996
	£	£
Bank loans and overdrafts	29,672	12,224
Trade creditors	45,818	5,469
Corporation tax	10,782	60,900
Other tax and social security	9,200	4,174
Net obligations under finance lease and hire purchase contracts (note 15)	11,335	14,949
Other creditors	-	19,977
Accruals and deferred income	1,690	101,590
	<u>108,497</u>	<u>219,283</u>

13 CREDITORS:

Amounts falling due after more than one year

	1997	1996
	£	£
Bank loans (note 14)	8,950	16,159
Net obligations under finance lease and hire purchase contracts (note 15)	7,108	10,863
	<u>16,058</u>	<u>27,022</u>

14 LOANS

Loans fall due for payment as follows:

	1997	1996
	£	£
Bank loans		
Within one year	9,912	12,224
Between one and two years	8,950	9,912
Between two and five years	-	6,247
	<u>18,862</u>	<u>28,383</u>

CLARION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 APRIL 1997

15 FINANCE LEASES

Net obligations under finance lease and hire purchase agreements fall due as follows:

	1997	1996
	£	£
Within one year	11,335	14,949
Between one and five years	7,108	10,863
	<u>18,443</u>	<u>25,812</u>

Finance lease and hire purchase creditors are secured on the assets concerned.

16 SHARE CAPITAL

	Authorised	Allotted, called up and fully paid	
	£	No.	£
At 1 May 1996 and 30 April 1997 Ordinary shares of £1 each	<u>100,000</u>	<u>1,000</u>	<u>1,000</u>

17 RESERVES

Profit and loss account	£
At 1 May 1996	1,817
Profit for the year	10,588
At 30 April 1997	<u>12,405</u>

18 SHAREHOLDERS' FUNDS

	1997	1996
	£	£
Shareholders' funds at 1 May 1996	2,817	42,049
Profit for the year	10,588	160,768
Dividends	-	(200,000)
Shareholders' funds at 30 April 1997	<u>13,405</u>	<u>2,817</u>

CLARION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 APRIL 1997

19 GROSS CASH FLOWS

	1997 £	1996 £
Returns on investments and servicing of finance		
Interest received	2,354	11,017
Interest paid	(6,026)	(6,806)
	<u>(3,672)</u>	<u>4,211</u>
Capital expenditure		
Payments to acquire tangible fixed assets	(43,572)	(18,645)
Receipts from sales of fixed asset investments	23,903	14,006
	<u>(19,669)</u>	<u>(4,639)</u>
Financing		
Loans repaid	(9,521)	(4,096)
Capital element of finance lease rentals	(21,375)	(24,060)
	<u>(30,896)</u>	<u>(28,156)</u>

20 ANALYSIS OF CHANGES IN NET DEBT

	At 1 May 1996 £	Cash flows £	Other changes £	At 30 April 1997 £
Cash at bank and in hand	146,096	(121,250)	-	24,846
Overdrafts	-	(19,760)	-	(19,760)
Debt due within 1 year	(12,224)	2,312	-	(9,912)
Debt due after 1 year	(16,159)	7,209	-	(8,950)
Finance leases	(25,812)	21,375	(14,006)	(18,443)
Total	<u>91,901</u>	<u>(110,114)</u>	<u>(14,006)</u>	<u>(32,219)</u>

21 TRANSACTIONS WITH RELATED PARTIES

Rent of £39,000 is charged in the accounts in respect of the company's occupation of premises owned by Mrs A B C Walker, who resigned as a director during the year, and who is the wife of R D Walker, the continuing director.