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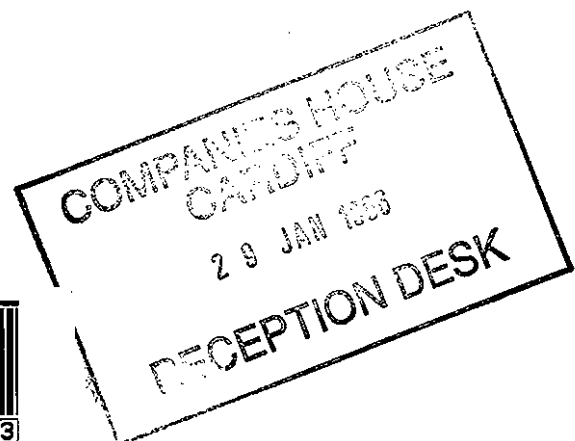
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HILLSDOWN INTERNATIONAL LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 1994

Jayson Newman



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# HILLSDOWN INTERNATIONAL LIMITED

## DIRECTORS' REPORT

for the year ended 31 December 1994

### Activities and review of business

The principal activity of the company is that of an investment company. The loss before tax for the year amounts to £1,883,516 (1993: loss £105,352).

### Dividends

The directors do not recommend a dividend for the year.

### Directors

The present directors of the company J A Jackson, M Teacher and R J Mackie are also directors of the company's parent undertaking Hillsgdown Holdings plc. Particulars of their shareholdings and family interests as defined by the Companies Act 1985 are given in the directors' reports of that company.

### Directors' statement of responsibilities

The directors are required to present financial statements for each accounting period, which give a true and fair view of the state of affairs of the company as at the end of the period and of the profit or loss for that period and which comply with the provisions of the Companies Act 1985. In preparing the financial statements, the directors are required to apply suitable accounting policies consistently and to make reasonable and prudent judgments and estimates. The financial statements have to be prepared on a going concern basis unless it is inappropriate to presume that the company will continue in business. The directors are also responsible for maintaining proper accounting records which disclose with reasonable accuracy, the financial position of the company at any time. They are also responsible for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.

### Auditors

Jayson Newman have expressed their willingness to continue in office as auditors and a resolution proposing their re-appointment will be submitted at the Annual General Meeting.

By order of the board

J A Jackson

Chairman

5 October 1995

Jayson Newman

AUDITORS' REPORT TO THE MEMBERS OF  
HILLSDOWN INTERNATIONAL LIMITED

We have audited the financial statements on pages 3 to 8 which have been prepared in accordance with the accounting policies set out on page 5.

Respective responsibilities of directors and auditors

As described in the directors' report, the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

Basis of opinion

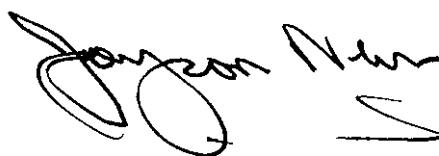
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments 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 31 December 1994 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Jayson Newman  
Chartered Accountants  
Registered Auditor  
48 Portland Place  
London W1N 4AJ



5 October 1995

Jayson Newman

# HILLSDOWN INTERNATIONAL LIMITED

## PROFIT AND LOSS ACCOUNT for the year ended 31 December 1994

	Note	£	1993 £
Dividends received		96,036	-
Interest receivable less payable	2	141,494	210
Administration expenses		(168)	556
Profit on ordinary activities before tax	3	237,362	766
Exceptional items	5	(2,120,878)	(106,118)
		(1,883,516)	(105,352)
Taxation	4	1,820,802	(11,331)
Loss on ordinary activities after tax	14	(62,714)	(116,683)

There are no recognised gains and losses other than those passing through the profit and loss account.

# HILLSDOWN INTERNATIONAL LIMITED

## BALANCE SHEET

as at 31 December 1994

	Note	£	£	£	1993 £
Fixed assets					
Investments	6	59,858,831			34,280,322
Freehold property	7	-			3,000,000
		<u>59,858,831</u>			<u>37,280,322</u>
Current assets					
Investments	8	4,200,000		-	
Debtors	9	128,552,441		146,148,307	
Cash at bank and in hand		325,068		290,039	
		<u>133,077,509</u>		<u>146,438,346</u>	
Current liabilities					
Creditors: amounts due within one year	10	24,194,739		12,586,343	
		<u>108,882,770</u>		<u>133,852,003</u>	
Net current assets					
Creditors: amounts due after more than one year	11		(42,114)		(42,114)
Provision for liabilities and charges	12		-		(1,847,543)
		<u>168,699,487</u>		<u>169,242,668</u>	
Net assets					
Representing					
Called up share capital	13	150,000,000			150,000,000
Reserves	14	18,699,487			19,242,668
		<u>168,699,487</u>		<u>169,242,668</u>	
Shareholders' funds	15				
		<u>168,699,487</u>		<u>169,242,668</u>	

Signed on behalf of the board of directors  
who approved the accounts on 5 October 1995

J A Jackson )  
R J Mackie ) Directors

*[Handwritten signatures]*

# HILLSDOWN INTERNATIONAL LIMITED

NOTES TO THE ACCOUNTS  
for the year ended 31 December 1994

## 1 Accounting policies

The accounts have been prepared under the historical cost convention.

### Deferred taxation

Provision is made for deferred tax using the liability method on short term timing differences and all other material timing differences which are not expected to continue in the future.

### Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the end of the financial year and differences arising thereon are taken to reserves. Other exchange differences are dealt with through the profit and loss account.

### Cash flow statement

Cash flow statements have not been presented as the group has relied upon certain exemptions contained in Financial Reporting Standard No 1. (FRS 1).

## 2 Interest receivable is in respect of bank interest and other interest.

## 3 Profit on ordinary activities before taxation is stated after charging:-

	1994 £	1993 £
Auditors' remuneration	3,000	3,000
	<u>          </u>	<u>          </u>

## 4 Taxation

	£	£
The taxation credit/(charge) is made up as follows:		
Corporation tax on profits	(26,741)	-
Transfer (from) deferred tax account	1,847,543	(11,331)
	<u>          </u>	<u>          </u>
	1,820,802	(11,331)
	<u>          </u>	<u>          </u>

Jayson Newman

# HILLSDOWN INTERNATIONAL LIMITED

## NOTES TO THE ACCOUNTS for the year ended 31 December 1994

### 5 Exceptional items

	1994 £	1993 £
Gain on disposal of investments	3,713,573	-
Losses on investments	(687,200)	(106,118)
Inter company balances written	(5,147,251)	-
	<u>(2,120,878)</u>	<u>(106,118)</u>

### 6 Fixed asset investments

	£	£
Cost		
At 1 January 1994	34,280,322	30,519,154
Transfer from group companies	31,227,700	5,081,938
Additions	-	3,998,667
Disposals	(1,887,200)	(2,022,600)
Other realisations	(3,761,991)	(3,296,837)
	<u>59,858,831</u>	<u>34,280,322</u>
At 31 December 1994		
Investments in group undertakings	27,243,000	-
Other companies:		
Investments	6,338,005	7,058,005
Secured debentures and other loans	23,460,326	27,222,317
Investments quoted on the London Stock Exchange	2,817,500	-
	<u>59,858,831</u>	<u>34,280,322</u>

The company owns the following subsidiary undertakings:

Company	Country of incorporation or registration	Business	% owned
Henry Telfer Limited	England	Dormant	100

### 7 Freehold property

	£	£
At 1 January 1994	3,000,000	3,000,000
Reclassification to current assets	(3,000,000)	-
Additions in year	-	1,763,487
Disposals	-	(1,763,487)
	<u>-</u>	<u>3,000,000</u>
At 31 December 1994		

# HILLSDOWN INTERNATIONAL LIMITED

## NOTES TO THE ACCOUNTS for the year ended 31 December 1994

8	Current asset investments	1994 £	1993 £
	Freehold property	4,200,000	-
9	Debtors	£	£
	Amount due from group undertakings	117,802,363	129,799,615
	Accrued income	10,106,726	15,705,340
	Other debtors	643,352	643,352
		128,552,441	146,148,307
10	Creditors: amounts due within one year	£	£
	Amount due to group undertakings	24,079,992	11,736,261
	Corporation tax	109,077	833,294
	Accruals and other creditors	5,670	16,788
		24,194,739	12,586,343
11	Creditors: amount due after more than one year	£	£
	15% loan notes	42,114	42,114
12	Provision for liabilities and charges	£	£
	Deferred tax		
	Balance at 1 January	1,847,543	1,836,212
	Movement in year		
	Transfer to profit and loss account	(1,847,543)	11,331
		-	1,847,543



# HILLSDOWN INTERNATIONAL LIMITED

## NOTES TO THE ACCOUNTS

for the year ended 31 December 1994

13	Share capital	1994 £	1993 £
	Authorised Ordinary shares of £1 each	150,000,000	150,000,000
	Issued and fully paid Ordinary shares of £1 each	150,000,000	150,000,000
14	Reserves	£	£
	Balance brought forward	19,242,668	19,313,440
	Retained (loss) for the year	(62,714)	(116,683)
	Differences on conversion of foreign exchange	(480,467)	45,911
	Balance carried forward	18,699,487	19,242,668
15	Reconciliation of movement on shareholders' funds	£	£
	Balance at 1 January	169,242,668	169,313,440
	(Loss) for the year	(62,714)	(116,683)
	Foreign exchange translation	(480,467)	45,911
		168,699,487	169,242,668
16	Parent undertaking		

The parent undertaking is Hillsgdown Holdings plc, a company incorporated in the United Kingdom. A copy of the accounts of Hillsgdown Holdings plc may be obtained from The Company Secretary, Hillsgdown Holdings plc, Hillsgdown House, 32 Hampstead High Street, London NW3 1QD