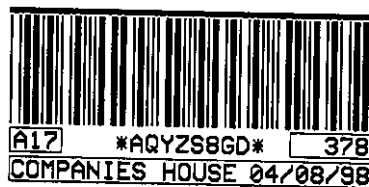


Company Registration No. 2006742 (England and Wales)

**REYKER INVESTMENTS LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 1997**



# REYKER INVESTMENTS LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	N D J Freeman F A Dada C R B Hesketh
<b>Secretary</b>	St James Secretariat Limited
<b>Company number</b>	2006742
<b>Registered office</b>	30 St James's Street London SW1A 1HB
<b>Auditors</b>	Green & Peter Chartered Accountants Registered Auditor The Limes, 1339 High Road Whetstone London N20 9HR
<b>Bankers</b>	Lloyds Private Banking Limited 50 Grosvenor Street London W1X 9FH

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# REYKER INVESTMENTS LIMITED

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# REYKER INVESTMENTS LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1997

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The directors present their report and financial statements for the year ended 31 December 1997.

### Principal activities

The principal activities of the company are the provision of management and management consultancy services and investment holding and management.

### Directors

The following directors have held office since 1 January 1997:

N D J Freeman  
F A Dada  
C R B Hesketh

### Directors' interests

The directors' beneficial interests in the shares of the company were as stated below:

	Ordinary shares of £1 each	
	31 December 1997	1 January 1997
N D J Freeman	194,610	194,610
F A Dada	-	-
C R B Hesketh	-	-

	Deferred shares of £1 each	
	31 December 1997	1 January 1997
N D J Freeman	100	100
F A Dada	-	-
C R B Hesketh	-	-

The directors' non-beneficial interests in the shares of the company were as stated below:

	Non-beneficial shares	
	31 December 1997	1 January 1997
N D J Freeman	205,140	205,140
F A Dada	205,140	205,140
C R B Hesketh	205,140	205,140

### Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Green & Peter be reappointed as auditors of the company will be put to the Annual General Meeting.

**REYKER INVESTMENTS LIMITED**

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 1997**

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**Directors' responsibilities**

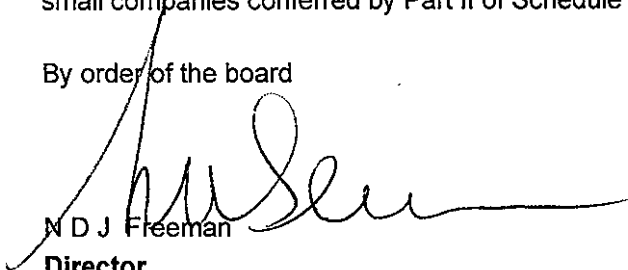
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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 to 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.

In the preparation of the directors' report advantage has been taken of the special exemptions applicable to small companies conferred by Part II of Schedule 8 to the Companies Act 1985.

By order of the board



N D J Freeman

**Director**

28 May 1998

**REYKER INVESTMENTS LIMITED**

**AUDITORS' REPORT  
TO THE SHAREHOLDERS OF REYKER INVESTMENTS LIMITED**

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We have audited the financial statements on pages 4 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

**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**

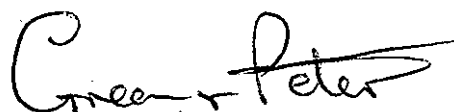
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and 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 the company's affairs as at 31 December 1997 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.

In our opinion the company is entitled to the exemption from preparing consolidated financial statements by Section 248 of the Companies Act 1985.



**Green & Peter**

28 May 1998

Chartered Accountants  
**Registered Auditor**

The Limes, 1339 High Road  
Whetstone  
London  
N20 9HR

**REYKER INVESTMENTS LIMITED**

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 1997**

	Notes	1997 £	1996 £
<b>Turnover</b>		72,563	58,361
Administrative expenses		(69,231)	(58,320)
<b>Operating profit</b>	<b>2</b>	3,332	41
Investment income	<b>3</b>	100,000	100,000
Other interest receivable	<b>3</b>	474	904
Interest payable		(16)	(25)
<b>Profit on ordinary activities before taxation</b>		103,790	100,920
Tax on profit on ordinary activities	<b>4</b>	(20,129)	(20,000)
<b>Profit on ordinary activities after taxation</b>		83,661	80,920
Proposed dividends		(15,000)	(15,000)
<b>Retained profit for the year</b>	<b>10</b>	68,661	65,920

The profit and loss account has been prepared on the basis that all operations are continuing operations.

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

**REYKER INVESTMENTS LIMITED**

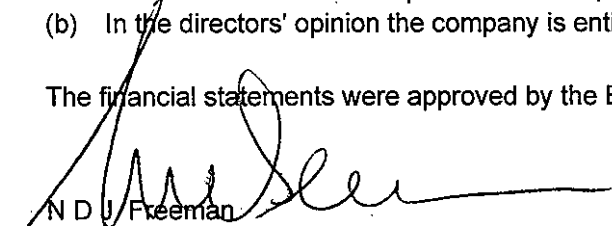
**BALANCE SHEET  
AS AT 31 DECEMBER 1997**

	Notes	1997 £	£	1996 £	£
<b>Fixed Assets</b>					
Tangible assets	5	26,450		21,875	
Investments	6	665,363		665,363	
		<u>691,813</u>		<u>687,238</u>	
<b>Current Assets</b>					
Debtors	7	259,681		155,734	
Cash at bank		488		40,321	
		<u>260,169</u>		<u>196,055</u>	
<b>Creditors: amounts falling due within one year</b>	8	<u>(32,721)</u>		<u>(32,694)</u>	
<b>Net Current Assets</b>			<u>227,448</u>		<u>163,361</u>
<b>Total Assets Less Current Liabilities</b>			<u>919,261</u>		<u>850,599</u>
<b>Capital and Reserves</b>					
Called up share capital	9	400,100		400,100	
Share premium account	10	122,344		122,344	
Profit and loss account	10	396,817		328,155	
<b>Shareholders' Funds</b>	11	<u>919,261</u>		<u>850,599</u>	
Equity interests		919,161		850,499	
Non-equity interests		100		100	
		<u>919,261</u>		<u>850,599</u>	

In preparing these financial statements:

- (a) Advantage has been taken of the special exemptions applicable to small companies conferred by Part I of Schedule 8 to the Companies Act 1985, and
- (b) In the directors' opinion the company is entitled to these exemptions as a small company.

The financial statements were approved by the Board on 28 May 1998

  
N D J Freeman  
Director



# REYKER INVESTMENTS LIMITED

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1997

### 1 Accounting Policies

#### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cashflow statement on the grounds that it is a small company.

#### 1.2 Turnover

Turnover represents the value of services invoiced exclusive of value added tax.

#### 1.3 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Computer Equipment	25% per annum reducing balance
Motor vehicles	25% per annum reducing balance

#### 1.4 Leasing

Rentals applicable to operating leases where substantially all of the risks of ownership remains with the lessor are charged against profit as incurred.

#### 1.5 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

#### 1.6 Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes.

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

#### 1.7 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertaking comprise a small-sized group. The company has therefore taken advantage of the exemptions provided by section 248 of the Companies Act 1985 not to prepare group accounts.

2 Operating Profit	1997 £	1996 £
Operating profit is stated after charging:		
Depreciation of tangible assets	5,150	3,625
Property rentals	2,500	2,500
Auditors' remuneration	500	500
Directors' emoluments	20,000	17,500

# REYKER INVESTMENTS LIMITED

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1997

3	Income from Investments, Other Interest Receivable and Similar Income	1997	1996		
		£	£		
	Dividend from subsidiary undertaking	100,000	100,000		
	Bank deposit interest received	474	904		
		<u>100,474</u>	<u>100,904</u>		
4	Taxation	1997	1996		
		£	£		
	U.K. current year taxation				
	U.K. corporation tax at 21% (1996 - 24%)	129	-		
	Tax credits on franked investment income	20,000	20,000		
		<u>20,129</u>	<u>20,000</u>		
5	Tangible fixed assets				
		Freehold Land	Computer Equipment	Motor vehicles	Total
		£	£	£	£
	Cost				
	At 1 January 1997	11,000	-	14,500	25,500
	Additions	-	3,105	17,495	20,600
	Disposals	-	-	(14,500)	(14,500)
		<u>11,000</u>	<u>3,105</u>	<u>17,495</u>	<u>31,600</u>
	At 31 December 1997	11,000	3,105	17,495	31,600
	Depreciation				
	At 1 January 1997	-	-	3,625	3,625
	On disposals	-	-	(3,625)	(3,625)
	Charge for the year	-	776	4,374	5,150
		<u>-</u>	<u>776</u>	<u>4,374</u>	<u>5,150</u>
	At 31 December 1997	-	776	4,374	5,150
	Net book value				
	At 31 December 1997	11,000	2,329	13,121	26,450
		<u>11,000</u>	<u>2,329</u>	<u>13,121</u>	<u>26,450</u>
	At 31 December 1996	11,000	-	10,875	21,875

# REYKER INVESTMENTS LIMITED

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1997

### 6 Fixed asset investments

	Shares in group undertakings and participating interests £
<b>Cost</b>	
At 1 January 1997 & at 31 December 1997	665,363

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

#### Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Class	Shares held %
<b>Subsidiary undertakings</b>			
H & F Securities Limited	England & Wales	Ordinary	100
H & F Properties Limited	England & Wales	Ordinary	100
Reyker Securities Inc.	USA	Ordinary	100

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and reserves	Profit for the year
H & F Securities Limited	385,798	(10,538)
H & F Properties Limited	260,525	23,375
Reyker Securities Inc.	344,919	78,544

The subsidiaries are engaged in investment activities.

7 Debtors	1997 £	1996 £
Trade debtors	7,316	-
Amounts due from subsidiary undertakings	245,000	150,000
Other debtors	7,365	5,734
	259,681	155,734

# REYKER INVESTMENTS LIMITED

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1997

8	Creditors: amounts falling due within one year	1997 £	1996 £
	Corporation tax	129	-
	Other taxes and social security costs	8,592	8,694
	Accruals and deferred income	9,000	9,000
	Proposed dividend	15,000	15,000
		<u>32,721</u>	<u>32,694</u>

9	Share Capital	1997 £	1996 £
	<b>Authorised</b>		
	400,000 Ordinary shares of £1 each	400,000	400,000
	100 Deferred shares of £1 each	100	100
		<u>400,100</u>	<u>400,100</u>

	<b>Allotted, called up and fully paid</b>		
	400,000 Ordinary shares of £1 each	400,000	400,000
	100 Deferred shares of £1 each	100	100
		<u>400,100</u>	<u>400,100</u>

### 10 Statement of movements on reserves

	Share premium account £	Profit and loss account £
Balance at 1 January 1997	122,344	328,156
Retained profit for the year	-	68,661
Balance at 31 December 1997	<u>122,344</u>	<u>396,817</u>

# REYKER INVESTMENTS LIMITED

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1997

11 Reconciliation of movements in shareholders' funds	1997 £	1996 £
Profit for the financial year	83,661	80,920
Dividends	(15,000)	(15,000)
Net addition to shareholders' funds	68,661	65,920
Opening shareholders' funds	850,599	784,679
Closing shareholders' funds	919,261	850,599

## 12 Financial Commitments

At 31 December 1997 the company had annual commitments under short term leases as follows:

	Land and buildings	
	1997 £	1996 £
Expiry date:		
Within one year	-	2,500