

**Linley Limited**  
**REPORT AND ACCOUNTS**  
**FOR THE PERIOD ENDED**  
**31 MAY 1997**

Registered Number: 2154216



# **Linley Limited**

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## **Linley Limited**

### **REPORT OF THE DIRECTOR**

The director presents his report and the financial statements for the eighteen months ended 31 May 1997

#### **PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The principal activity of the Company continues to be that of trading in marketable securities. The companies to which loans are owed have indicated that repayment will not be sought for the foreseeable future. Future developments are described in note '12' in the notes to the financial statements.

#### **RESULTS AND DIVIDENDS**

The profit for the period, which has been transferred to reserves, was £3,415,467.

The director did not recommend the payment of a dividend.

#### **DIRECTORS**

The following changes in directors occurred during the period :

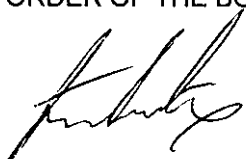
Mr JD Rowland	resigned 30 November 1995
	appointed 16 May 1996
	resigned 30 June 1997
Mr JE James	resigned 16 May 1996
Mr DJ Rowland	appointed 30 June 1997

The directors who served during the period, did not have any interest in either the company, or the ultimate holding company.

#### **ELECTIVE RESOLUTIONS**

In accordance with section 379A of the Companies Act 1985 the Company has passed elective resolutions to dispense with the laying of financial statements and reports before the Company in General Meeting, holding Annual General Meetings and the annual appointment of auditors.

BY ORDER OF THE BOARD



K Woolrich  
Secretary  
Norwich  
24 March 1998

## **Linley Limited**

### **STATEMENT OF DIRECTOR'S RESPONSIBILITIES**

The director is required by UK company law to prepare financial statements for each financial period that give a true and fair view of the state of affairs of the Company as at the end of the financial period and of the profit or loss of the Company for that period.

The director confirms 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 eighteen month period ended 31 May 1997. The director also confirms that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The director is responsible for keeping proper accounting records, for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

BY ORDER OF THE BOARD



K Woolrich  
Secretary  
Norwich  
24 March 1998

# **Linley Limited**

## **REPORT OF THE AUDITORS TO THE MEMBERS OF LINLEY LIMITED**

We have audited the financial statements on pages 5 to 11.

### **Respective responsibilities of directors and auditors**

As described on page 3 the Company's director is 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.

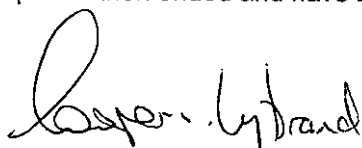
### **Basis of opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes the 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 the Company's affairs at 31 May 1997 and of its profit and total recognised gains and cash flows for the eighteen month period then ended and have been properly prepared in accordance with the Companies Act 1985.



**COOPERS & LYBRAND**

Chartered Accountants and Registered Auditors

Norwich

24 March 1998

**Linley Limited****PROFIT AND LOSS ACCOUNT**

FOR THE EIGHTEEN MONTH PERIOD ENDED 31 MAY 1997

	NOTES	18 Months to 31 May 1997 £	12 Months to 30 November 1995 £
TURNOVER	2	10,233,106	7,721,623
Cost of sales		<u>(6,867,260)</u>	<u>(7,044,884)</u>
GROSS PROFIT		3,365,846	676,739
Administrative expenses	3	<u>(8,086)</u>	<u>(7,569)</u>
OPERATING PROFIT		3,357,760	669,170
Interest receivable		<u>77,779</u>	<u>127,435</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		3,435,539	796,605
Taxation	4	<u>(20,072)</u>	<u>(31,622)</u>
PROFIT FOR THE PERIOD		<u><u>3,415,467</u></u>	<u><u>764,983</u></u>

**STATEMENT OF RETAINED EARNINGS**

Balance at beginning of period	(11,349,849)	(12,114,832)
Profit for the period	<u>3,415,467</u>	<u>764,983</u>
	<u><u>(7,934,382)</u></u>	<u><u>(11,349,849)</u></u>

All the Company's turnover and profit as disclosed above is derived from continuing operations.

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

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

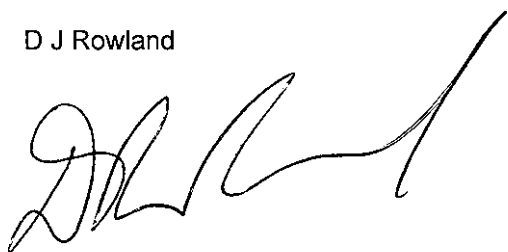
# Linley Limited

BALANCE SHEET AT 31 MAY 1997

	NOTES	31 May 1997 £	30 November 1995 £
<b>CURRENT ASSETS</b>			
Stocks	5	240,948	2,487,475
Debtors	6	217,448	681,930
Cash at bank		<u>6,718</u>	<u>433,912</u>
		465,114	3,603,317
CREDITORS: amounts falling due within one year	7	<u>(8,399,396)</u>	<u>(953,066)</u>
NET CURRENT (LIABILITIES)/ASSETS		<u>(7,934,282)</u>	<u>2,650,251</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		(7,934,282)	2,650,251
 CREDITORS: amounts falling due after more than one year			
	8	<u>-</u>	<u>(14,000,000)</u>
NET LIABILITIES		<u>(7,934,282)</u>	<u>(11,349,749)</u>
 <b>CAPITAL AND RESERVES</b>			
Called up share capital	9	100	100
Profit and loss account		<u>(7,934,382)</u>	<u>(11,349,849)</u>
Deficit on equity shareholders' funds	10	<u>(7,934,282)</u>	<u>(11,349,749)</u>

The financial statements on pages 5 to 11 were approved and signed by the sole director on 24 March 1998

D J Rowland



Director

# Linley Limited

## CASH FLOW STATEMENT

FOR THE EIGHTEEN MONTH PERIOD ENDED 31 MAY 1997

	NOTES	18 Months to 31 May 1997 £	12 Months to 30 November 1995 £
RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES			
Operating profit		3,357,760	669,170
Decrease / (increase) in stocks		2,246,527	(936,702)
(Increase) / decrease in debtors		468,405	2,208,537
Increase / (decrease) in creditors		805,162	(24,821)
		<u>6,877,854</u>	<u>1,916,184</u>
NET CASH INFLOW FROM OPERATING ACTIVITIES		<u>6,877,854</u>	<u>1,916,184</u>
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		<u>51,390</u>	<u>33,391</u>
TAXATION			
UK Corporation tax paid		(6,249)	-
UK Income tax received		<u>22,466</u>	<u>-</u>
		<u>16,217</u>	<u>-</u>
FINANCING			
Repayment of long term debt from holding company		<u>(7,372,050)</u>	<u>(1,800,906)</u>
		<u>(7,372,050)</u>	<u>(1,800,906)</u>
(DECREASE)/INCREASE IN CASH IN THE PERIOD		<u>(426,589)</u>	<u>148,669</u>
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT			
	11	18 Months to 31 May 1997 £	12 Months to 30 November 1995 £
(DECREASE)/INCREASE IN CASH IN THE PERIOD		(426,589)	148,669
Cash outflow from repayment of long term debt		7,372,050	1,800,906
Non-cash repayment of long term debt		<u>(1,119,499)</u>	<u>(85,343)</u>
MOVEMENT IN NET DEBT IN THE PERIOD		<u>5,825,962</u>	<u>1,864,232</u>
OPENING NET DEBT		<u>(14,168,107)</u>	<u>(16,032,339)</u>
CLOSING NET DEBT		<u>(8,342,145)</u>	<u>(14,168,107)</u>



# Linley Limited

## NOTES TO THE FINANCIAL STATEMENTS FOR THE EIGHTEEN MONTH PERIOD ENDED 31 MAY 1997

### 1. ACCOUNTING POLICIES

#### a) Principal Accounting Policies

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

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

#### b) Basis of Accounting

The financial statements have been prepared in accordance with the historical cost convention of accounting as modified by the revaluation of investments.

#### c) Trading stocks

Marketable securities held as stocks are stated at the lower of cost and net realisable value.

#### d) Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the year end exchange rate. Transactions in foreign currencies are translated into sterling at the average rate of exchange ruling at the date of the transaction. The resulting exchange differences are included in the profit and loss account.

#### e) Deferred taxation

Provision is made for deferred taxation using the liability method, to the extent to which it is expected that an actual liability to corporation tax will crystallise in the foreseeable future.

### 2. TURNOVER

Turnover comprises the gross sales value of marketable securities.

### 3. ADMINISTRATIVE EXPENSES

The directors received no remuneration for the period ended 31 May 1997 and the year ended 30 November 1995. The auditors' remuneration for the period ended 31 May 1997 was £ 5,581 (Year ended 30 November 1995 was £ 2,644).

### 4. TAXATION

The charge based on results for the period comprises :  
Charge for the period at 24% (1995 - 25%)

18 Months to 31 May 1997 £	12 Months to 30 November 1995 £
20,072	31,622

**Linley Limited****NOTES TO THE FINANCIAL STATEMENTS FOR THE EIGHTEEN MONTH  
PERIOD ENDED 31 MAY 1997**

5. STOCKS	31 May 1997 £	30 November 1995 £
Marketable securities	<u>240,948</u>	<u>2,487,475</u>

The aggregate market value of listed investments at 31 May 1997 was £273,506,  
(30 November 1995 - £2,487,475).

6. DEBTORS	31 May 1997 £	30 November 1995 £
Amounts falling due within one year:		
Trade debtors	2,300	1,903
Other debtors	215,148	71,242
Amounts due from group companies	-	608,785
	<u>217,448</u>	<u>681,930</u>

7. CREDITORS FALLING DUE WITHIN ONE YEAR	31 May 1997 £	30 November 1995 £
Bank Overdraft	-	605
Trade Creditors	-	293,739
Corporation Tax	3,225	6,249
Amounts owed to group companies	4,759,761	601,414
Amounts due to related company	3,589,102	-
Other creditors and accruals	47,308	51,059
	<u>8,399,396</u>	<u>953,066</u>

8. CREDITORS FALLING DUE AFTER MORE THAN ONE YEAR	31 May 1997 £	30 November 1995 £
Amounts owed to group companies	<u>-</u>	<u>14,000,000</u>

# Linley Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE EIGHTEEN MONTH  
PERIOD ENDED 31 MAY 1997

## 9. SHARE CAPITAL

	Number of Shares	£
Authorised Ordinary shares of £1 each At 1 December 1995 and 31 May 1997	<u>100</u>	<u>100</u>
Allotted, called up and fully paid: Ordinary shares of £1 each At 1 December 1995 and 31 May 1997	<u>100</u>	<u>100</u>

## 10. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31 May 1997 £	30 November 1995 £
Profit for the financial period	3,415,467	764,983
Shareholders' funds brought forward	<u>(11,349,749)</u>	<u>(12,114,732)</u>
Shareholders' funds carried forward	<u>(7,934,282)</u>	<u>(11,349,749)</u>

## 11. ANALYSIS OF NET DEBT

	1 December 1995 £	Cash flow £	Other Non-cash Changes £	31 May 1997 £
NET CASH				
Cash at bank and in hand	433,912	(427,194)	-	6,718
Bank overdraft	(605)	605	-	-
	<u>433,307</u>	<u>(426,589)</u>	<u>-</u>	<u>6,718</u>
DEBT				
Holding company loan	(14,601,414)	7,372,050	2,469,603	(4,759,761)
Amounts due to related companies	-	-	(3,589,102)	(3,589,102)
NET DEBT	<u>(14,168,107)</u>	<u>6,945,461</u>	<u>(1,119,499)</u>	<u>(8,342,145)</u>

## 12. ULTIMATE HOLDING COMPANY AND FUTURE DEVELOPMENTS

The ultimate holding company of Linley Limited at 31 May 1997 was Stockton Industries Limited, a company incorporated in the Bahamas.

On 30 June 1997 the Company's share capital was purchased by Attlebridge Limited.

The ultimate parent undertaking of Attlebridge Limited is Sarquila Investments Limited, a company incorporated in the British Virgin Islands.

## **Linley Limited**

NOTES TO THE FINANCIAL STATEMENTS FOR THE EIGHTEEN MONTH  
PERIOD ENDED 31 MAY 1997

### **13. GOING CONCERN**

The Company is dependent upon the loans from its parent undertaking and other related company not being called. The director has obtained assurances from these companies that the loans will be made available for the foreseeable future.