



CIVVALS

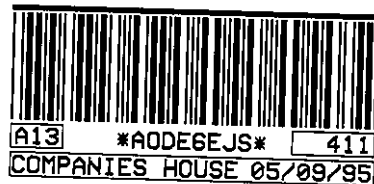
Chartered Accountants
&
Registered Auditors

LINLEY LIMITED
COMPANY NO: 2154216

ACCOUNTS

FOR THE YEAR ENDED

30TH NOVEMBER 1994



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London W1H 5AF
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LINLEY LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH NOVEMBER 1994

INDEX

<u>CONTENTS</u>	<u>PAGE</u>
COMPANY INFORMATION	2
DIRECTORS' REPORT	3
AUDITORS' REPORT	4
PROFIT AND LOSS ACCOUNT	5
BALANCE SHEET	6
CASH FLOW STATEMENT	7
NOTES TO THE CASH FLOW STATEMENT	8
NOTES TO THE FINANCIAL STATEMENTS	9 - 11

LINLEY LIMITED

COMPANY INFORMATION

DIRECTORS: J D Rowland
J E James

SECRETARY: K Bayley

COMPANY NUMBER: 2154216

REGISTERED OFFICE: Marble Arch House
66-68 Seymour Street
London
W1H 5AF

AUDITORS: Civvals
Chartered Accountants and Registered Auditors
Marble Arch House
66-68 Seymour Street
London
W1H 5AF

LINLEY LIMITED

DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 30th November 1994.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company continues to be that of securities trading.

RESULTS AND DIVIDENDS

The loss for the year attributable to shareholders amounted to £2,456,538 (1993: profit £481,004). The directors do not recommend the payment of a dividend.

SHARE CAPITAL

The Authorised Ordinary Share Capital is comprised of 100 ordinary shares of £1 each.

DIRECTORS:

The directors of the company during the year under review were:

D J Rowland (resigned 09.03.94)
J E James
J D Rowland (appointed 09.03.94)

The directors had no beneficial interest in the company during the year.

AUDITORS

A resolution proposing the re-appointment of Messrs Civvals, Chartered Accountants, as auditors of the company will be put to the members at the Annual General Meeting.

STATEMENT OF 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 as at the end of the financial year 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, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

BY ORDER OF THE BOARD


K BAYLEY - COMPANY SECRETARY

DATE: 21/8/95

REPORT OF THE AUDITORS TO THE MEMBERS OF
LINLEY LIMITED

We have audited the financial statements on pages 5 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 9.

Respective responsibilities of directors and auditors

As described on page 3, 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 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 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.

Fundamental uncertainty

In forming our opinion, we have considered the adequacy of the disclosures made in the financial statements concerning the dependency of the company on the continued support of its parent undertaking. The financial statements have been prepared on a going concern basis, the validity of which depends upon the continued support being made available. The financial statements do not include any adjustments that would result from a failure to obtain funding. Details of the circumstances relating to this fundamental uncertainty are described in Note 15. Our opinion is not qualified in this respect.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the company's affairs as at 30th November 1994 and of its loss and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**MARBLE ARCH HOUSE
66-68 SEYMOUR STREET
LONDON W1H 5AF**

28TH AUGUST 1995

**CIVVALS
CHARTERED ACCOUNTANTS
AND REGISTERED AUDITORS**



LINLEY LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 30TH NOVEMBER 1994**

NOTES		1994	1993
		£	£
TURNOVER	1(e)	10,498,274	12,015,295
Cost of sales		(13,383,393)	(11,626,121)
GROSS (LOSS)/PROFIT		(2,885,119)	389,174
Net operating income	2	441,778	106,521
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST		(2,443,341)	495,695
Interest payable	5	(1,061)	-
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(2,444,402)	495,695
Taxation		(12,136)	(14,691)
(LOSS)/RETAINED PROFIT FOR YEAR	12	(2,456,538)	481,004

LINLEY LIMITED

BALANCE SHEET AS AT 30TH NOVEMBER 1994

		NOTES	1994		1993	
			£	£	£	£
INVESTMENTS						
Loan repayable after one year				199,468		59,468
CURRENT ASSETS						
Stock	7		1,550,773		1,405,163	
Debtors	8		2,622,328		402,832	
Cash at bank			284,638		184,917	
			-----		-----	
			4,457,739		1,992,912	
LESS: CREDITORS - Amounts falling due within one year		9	(771,939)		(710,574)	
			-----		-----	
NET CURRENT ASSETS				3,685,800		1,282,338
LESS: CREDITORS - Amounts falling due after more than one year		10	(16,000,000)		(11,000,000)	
			-----		-----	
NET (LIABILITIES)			(12,114,732)		(9,658,194)	
			=====		=====	
CAPITAL & RESERVES						
Called Up Share Capital	11			100		100
Profit and Loss Account	12			(12,114,832)		(9,658,294)
				-----		-----
EQUITY SHAREHOLDERS' FUNDS		13		(12,114,732)		(9,658,194)
				=====		=====
APPROVED BY:						
J D ROWLAND						
J E JAMES						
DATE: 21-08-95						

LINLEY LIMITED**CASH FLOW STATEMENT****FOR THE YEAR ENDED 30TH NOVEMBER 1994**

NOTES		1994		1993	
		£	£	£	£
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	1		(4,727,836)		119,762
TAXATION					
ACT on franked investment income		(12,136)		(14,691)	
TAX PAID			(12,136)		(14,691)
			(4,739,972)		105,071
INVESTING ACTIVITIES					
Increase in loan investment		(140,000)		-	
NET CASH OUTFLOW FROM INVESTING ACTIVITIES			(140,000)		-
NET CASH (OUTFLOW)/INFLOW BEFORE FINANCING			(4,879,972)		105,071
FINANCING	4		4,979,693		(997,332)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	2		99,721		(892,261)

LINLEY LIMITED

NOTES TO THE CASH FLOW STATEMENT

FOR THE YEAR ENDED 30TH NOVEMBER 1994

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH (OUTFLOW)/ INFLOW FROM OPERATING ACTIVITIES		1994	1993
		£	£
Operating (loss)/profit		(2,444,402)	495,695
(Increase)/decrease in stocks		(513,610)	25,587
(Increase) in debtors		(2,219,496)	(402,110)
Increase in creditors		449,672	590
		<u>(4,727,836)</u>	<u>119,762</u>
2. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR		1994	1993
		£	£
Balance at 1st December 1993		184,917	1,077,178
Net cash inflow/(outflow)		99,721	(892,261)
		<u>284,638</u>	<u>184,917</u>
3. ANALYSIS OF THE BALANCE OF CASH AND CASH EQUIVALENTS AS SHOWN IN THE BALANCE SHEET			
	1994	1993	Change
	£	£	£
Cash at bank and in hand	<u>284,638</u>	<u>184,917</u>	<u>99,721</u>
			<u>184,917</u>
			<u>1,077,178</u>
			<u>(892,261)</u>
4. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR		Holding Company Loan 1994	Holding Company Loan 1993
		£	£
Balance at 1st December 1993		11,337,284	12,334,616
Cash inflow/(outflow) from financing		4,979,693	(997,332)
		<u>16,316,977</u>	<u>11,337,284</u>

LINLEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH NOVEMBER 1994

1. ACCOUNTING POLICIES

(a) Basis of Accounting

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

(b) Bull and Bear Stock

In order to present a true and fair view of the state of affairs and of the profit or loss for the year, the directors consider the valuation of stock as laid down in SSAP 9 to be inappropriate.

Securities quoted on a recognised exchange have therefore been valued at the mid-market price quoted at the close of trading on the balance sheet date.

Unquoted securities are valued at the lower of cost or net realisable value.

(c) Dividends

Dividends received are shown including their attached tax credit or withholding tax.

(d) Foreign Currency

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the average rate of exchange ruling at the date of the transaction. All profits and losses on exchange are dealt with in the profit and loss account.

(e) Turnover

Turnover comprises proceeds from the disposal of securities.

2. NET OPERATING INCOME

	1994	1993
	£	£
Administration expenses	(6,913)	(9,663)
Other operating income:		
Commission	13,829 ✓	20,754
Dividends (gross)	65,402	68,617
Exchange gain	136,537	9,292
Interest receivable	172,801	17,521
Option sales	60,122	-
	-----	-----
	448,691	116,184
	-----	-----
	441,778	106,521
	=====	=====

LINLEY LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 30TH NOVEMBER 1994****3. (LOSS)/PROFIT ON ORDINARY ACTIVITIES**

(Loss)/profit on ordinary activities is stated after charging:

	1994	1993
	£	£
Auditors' remuneration	2,644	2,644
Non audit remuneration	2,725	2,725

4. EMPLOYEES AND DIRECTORS

There were no employees other than the directors employed by the company during the year ended 30th November 1994. The directors did not receive any remuneration during the year.

5. INTEREST PAYABLE AND SIMILAR CHARGES

	1994	1993
	£	£
Bank loans and overdrafts and other loans wholly repayable within five years.	1,061	-

6. TAXATION

	1994	1993
	£	£
Tax on franked investment income	12,136	14,691

7. BULL STOCK

	1994	1993
	£	£
Quoted securities	1,550,773	1,405,163

8. DEBTORS

	1994	1993
	£	£
Trade debtors	85,901	399,547
Other debtors and prepayments	2,536,427	3,285
	2,622,328	402,832

Included in other debtors is a loan of £418,762 which is repayable after 12 months.

9. CREDITORS - Amounts falling due within one year

	1994	1993
	£	£
Trade creditors	61,873	-
Bear stock (quoted securities)	-	368,000
Amounts owed to parent undertaking	316,977	337,284
Other creditors and accruals	393,089	5,290
	771,939	710,574

10. CREDITORS - Amounts falling due after more than one year

	1994	1993
	£	£
Amount owed to parent undertaking	16,000,000	11,000,000

LINLEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH NOVEMBER 1994

11. SHARE CAPITAL

EQUITY SHARES

Authorised:

100 ordinary shares of £1 each

1994

£

100

1993

£

100

Allotted, called up and fully paid:

100 ordinary shares of £1 each

100

100

12. ACCUMULATED LOSSES

1994

£

1993

£

(Loss)/retained profit for the year

(2,456,538)

481,004

(Losses) brought forward

(9,658,294)

(10,129,298)

(12,114,832)

(9,658,294)

13. RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS

1994

£

1993

£

(Loss)/retained profit for the financial year

(2,456,538)

481,004

Equity shareholders' funds at 1st December 1993

(9,658,194)

(10,139,198)

Equity shareholders funds at 30th November 1994

(12,114,732)

(9,658,194)

14. ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking of Linley Limited is Stockton Industries Limited, a company incorporated in the Bahamas.

15. GOING CONCERN

The company is dependent on the continued support of its parent undertaking. The directors have obtained assurances from its parent undertaking that this support will be made available for the foreseeable future.

LINLEY LIMITED

SCHEDULE TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH NOVEMBER 1994

	1994	1993
	£	£
<u>COST OF SALES</u>		
Opening Stock:		
Bull stock	1,405,163	1,062,750
Bear stock	(368,000)	-
Purchases	13,897,003	11,600,534
Closing stock:		
Bull stock	(1,550,773)	(1,405,163)
Bear stock	-	368,000
	<u>13,383,393</u>	<u>11,626,121</u>

ADMINISTRATIVE EXPENSES

General expenses	111	283
Auditors' remuneration	2,644	2,644
Accountancy	2,644	2,644
Bank charges	1,514	4,092
	<u>6,913</u>	<u>9,663</u>