

2154216



# CIVVALS

Chartered Accountants  
&  
Registered Auditors

**LINLEY LIMITED**  
**ACCOUNTS**  
**FOR THE YEAR ENDED**  
**30TH NOVEMBER 1995**

Marble Arch House  
66 - 68 Seymour Street  
London W1H 5AF  
Telephone 0171 258 3461  
Fax 0171 262 2757



**LINLEY LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30TH NOVEMBER 1995**

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**LINLEY LIMITED**

**COMPANY INFORMATION**

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**DIRECTOR:** J D Rowland

**SECRETARY:** K Woolrich

**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**

### **DIRECTOR'S REPORT**

The director presents his report and financial statements for the year ended 30th November 1995.

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

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

#### **RESULTS AND DIVIDENDS**

The profit for the year attributable to shareholders amounted to £764,983 (1994: loss £2,456,538). The director does not recommend the payment of a dividend and it is proposed that the profits be added to reserves.

#### **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:

J E James (resigned 16.05.96)  
J D Rowland (resigned 29.11.95)  
(appointed 16.05.96)

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.

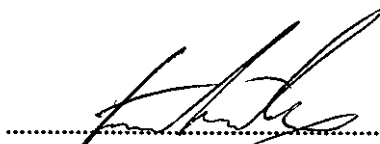
#### **STATEMENT OF RESPONSIBILITIES**

Company law requires the director 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 director is 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 director is 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.

#### **SIGNED ON BEHALF OF THE BOARD**



K WOOLRICH - COMPANY SECRETARY

APPROVED BY THE BOARD: 16.8.96

## **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 director and auditors**

As described on page 3, the company's director is 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 director 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 1995 and of its profit 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**

**16TH AUGUST 1996**

**CIVVALS  
CHARTERED ACCOUNTANTS  
AND REGISTERED AUDITORS**



**LINLEY LIMITED****PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 30TH NOVEMBER 1995**

		NOTES	1995	1994
			£	£
<b>TURNOVER</b>	1(e)		7,629,032	10,498,274
Cost of sales			(7,014,603)	(13,383,393)
<b>GROSS PROFIT/(LOSS)</b>			614,429	(2,885,119)
Net operating income	2		199,538	441,778
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE INTEREST</b>			813,967	(2,443,341)
Interest payable	5		(17,362)	(1,061)
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>			796,605	(2,444,402)
Taxation	6		(31,622)	(12,136)
<b>RETAINED PROFIT/(LOSS) FOR YEAR</b>	12		764,983	(2,456,538)

All recognised gains and losses are included in the profit and loss account.

**LINLEY LIMITED**

**BALANCE SHEET AS AT 30TH NOVEMBER 1995**

		NOTES		1995		1994	
				£	£	£	£
<b>INVESTMENTS</b>							
Loan repayable after one year					-		199,468
<b>DEBTORS: Amounts falling due after more than one year</b>	8				608,785		418,762
<b>CURRENT ASSETS</b>							
Stock	7			2,487,475		1,550,773	
Debtors	8			73,145		2,203,566	
Cash at bank				433,912		284,638	
				2,994,532		4,038,977	
<b>LESS: CREDITORS - Amounts falling due within one year</b>	9			(953,066)		(771,939)	
<b>NET CURRENT ASSETS</b>					2,041,466		3,267,038
<b>LESS: CREDITORS - Amounts falling due after more than one year</b>	10			(14,000,000)		(16,000,000)	
<b>NET (LIABILITIES)</b>				(11,349,749)		(12,114,732)	
<b>CAPITAL &amp; RESERVES</b>							
Called Up Share Capital	11				100		100
Profit and Loss Account	12			(11,349,849)		(12,114,832)	
<b>EQUITY SHAREHOLDERS' FUNDS</b>	13			(11,349,749)		(12,114,732)	
<b>SIGNED ON BEHALF OF THE BOARD</b>							
<b>J D ROWLAND</b>							
<b>APPROVED BY THE BOARD: 16.8.96</b>							

**LINLEY LIMITED****CASH FLOW STATEMENT****FOR THE YEAR ENDED 30TH NOVEMBER 1995**

	NOTES	1995		1994	
		£	£	£	£
<b>NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>	<b>1</b>		<b>1,577,540</b>		<b>(4,964,978)</b>
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>					
Interest received		127,435		172,801	
Interest paid		(17,362)		(1,061)	
Dividends received		2,524		65,402	
		-----		-----	
<b>NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>			<b>112,597</b>		<b>237,142</b>
<b>TAXATION</b>					
Corporation tax paid		25,373		-	
ACT on franked investment income		-		(12,136)	
		-----		-----	
<b>TAX PAID</b>			<b>(25,373)</b>		<b>(12,136)</b>
			-----		-----
			<b>1,664,764</b>		<b>(4,739,972)</b>
<b>INVESTING ACTIVITIES</b>					
Decrease/(increase) in loan investment		199,468		(140,000)	
		-----		-----	
<b>NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES</b>			<b>199,468</b>		<b>(140,000)</b>
			-----		-----
<b>NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING</b>			<b>1,864,232</b>		<b>(4,879,972)</b>
<b>FINANCING</b>	<b>4</b>		<b>(1,715,563)</b>		<b>4,979,693</b>
			-----		-----
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>2</b>		<b>148,669</b>		<b>99,721</b>
			=====		=====



**LINLEY LIMITED**

**NOTES TO THE CASH FLOW STATEMENT**

**FOR THE YEAR ENDED 30TH NOVEMBER 1995**

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH (OUTFLOW)/ INFLOW FROM OPERATING ACTIVITIES		1995 £	1994 £			
Operating profit/(loss)		813,967	(2,443,341)			
Less: Interest received		(127,435)	(172,801)			
Dividends received		(2,524)	(65,402)			
		-----	-----			
		684,008	(2,681,544)			
(Increase) in stocks		(936,702)	(513,610)			
Decrease/(increase) in debtors		1,940,398	(2,219,496)			
(Decrease)/increase in creditors		(110,164)	449,672			
		-----	-----			
		<u>1,577,540</u>	<u>(4,964,978)</u>			
2. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR		1995 £	1994 £			
Balance at 1st December 1994		284,638	184,917			
Net cash inflow		148,669	99,721			
		-----	-----			
Balance at 30th November 1995		<u>433,307</u>	<u>284,638</u>			
3. ANALYSIS OF THE BALANCE OF CASH AND CASH EQUIVALENTS AS SHOWN IN THE BALANCE SHEET						
	1995 £	1994 £	Change £	1994 £	1993 £	Change £
Bank overdraft	(605)	-	(605)	-	-	-
Cash at bank	433,912	(284,638)	149,274	284,638	(184,917)	99,721
	-----	-----	-----	-----	-----	-----
	<u>433,307</u>	<u>(284,638)</u>	<u>148,669</u>	<u>284,638</u>	<u>(184,917)</u>	<u>99,721</u>
4. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR		Holding Company Loan 1995 £	Holding Company Loan 1994 £			
Balance at 1st December 1994		16,316,977	11,337,284			
Cash (outflow)/inflow from financing		(1,715,563)	4,979,693			
		-----	-----			
Balance at 30th November 1995		<u>14,601,414</u>	<u>16,316,977</u>			

**LINLEY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30TH NOVEMBER 1995**

**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.

**(f) Deferred Taxation**

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the director, there is a reasonable probability that the liability will not arise in the foreseeable future.

**2. NET OPERATING INCOME**

	1995		1994	
	£	£	£	£
Administration expenses		(7,569)		(6,913)
Other operating income:				
Commission	2,869		13,829	
Dividends (gross)	2,524		65,402	
Exchange (loss)/gain	(12,919)		136,537	
Interest receivable	127,435		172,801	
Option sales	87,198		60,122	
	-----		-----	
		207,107		448,691
		-----		-----
		199,538		441,778
		=====		=====

**LINLEY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30TH NOVEMBER 1995**

**3. PROFIT/(LOSS) ON ORDINARY ACTIVITIES**

Profit/(loss) on ordinary activities is stated after charging:

	1995	1994
	£	£
Auditors' remuneration	2,644	2,644
Non audit remuneration	3,019	2,725

**4. EMPLOYEES AND DIRECTOR**

There were no employees other than the director employed by the company during the year ended 30th November 1995. The director did not receive any remuneration during the year.

**5. INTEREST PAYABLE AND SIMILAR CHARGES**

	1995	1994
	£	£
Bank loans and overdrafts and other loans wholly repayable within five years.	17,362	1,061

**6. TAXATION**

	1995	1994
	£	£
Corporation tax @ 25%	31,622	-
Tax on franked investment income	-	12,136

**7. BULL STOCK**

	1995	1994
	£	£
Quoted securities	2,487,475	1,550,773

**8. DEBTORS**

	1995	1994
	£	£
Amounts falling due after more than one year:		
Loans	608,785	418,762
Amounts falling due within one year:		
Trade debtors	1,903	85,901
Other debtors and prepayments	71,242	2,117,665
	73,145	2,203,566

**9. CREDITORS - Amounts falling due within one year**

	1995	1994
	£	£
Bank overdraft	605	-
Trade creditors	293,739	61,873
Corporation tax	6,249	-
Amounts owed to parent undertaking	601,414	316,977
Other creditors and accruals	51,059	393,089
	953,066	771,939

**LINLEY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30TH NOVEMBER 1995**

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

	1995 £	1994 £
Net repayable by instalments:		
Between two and five years - amount owed to parent undertaking	14,000,000	16,000,000

**11. SHARE CAPITAL**

**EQUITY SHARES**

**Authorised:**

100 ordinary shares of £1 each

1995 £	1994 £
100	100

**Allotted, called up and fully paid:**

100 ordinary shares of £1 each

100	100
-----	-----

**12. ACCUMULATED LOSSES**

Retained profit/(loss) for the year  
(Losses) brought forward

1995 £	1994 £
764,983	(2,456,538)
(12,114,832)	(9,658,294)
(11,349,849)	(12,114,832)

**13. RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS**

Retained profit/(loss) for the financial year  
Equity shareholders' funds at 1st December 1994

Equity shareholders funds at 30th November 1995

1995 £	1994 £
764,983	(2,456,538)
(12,114,732)	(9,658,194)
(11,349,749)	(12,114,732)

**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 director has 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 1995**

	1995	1994
	£	£
<b><u>COST OF SALES</u></b>		
Opening Stock:		
Bull stock	1,550,773	1,405,163
Bear stock	-	(368,000)
Purchases	7,951,305	13,897,003
Closing stock:		
Bull stock	(2,487,475)	(1,550,773))
	<u>7,014,603</u>	<u>13,383,393</u>
<b><u>ADMINISTRATIVE EXPENSES</u></b>		
General expenses	310	111
Auditors' remuneration	2,644	2,644
Accountancy	2,937	2,644
Bank charges	1,678	1,514
	<u>7,569</u>	<u>6,913</u>