

Relyon (Holdings) Limited

Directors' report and financial statements

Year ended 31 December 1999

Registered number 54380



Relyon (Holdings) Limited

Directors' report and financial statements

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Relyon (Holdings) Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 1999.

Principal activities

The principal activity of the company was the provision of group services, and no significant changes occurred during the year.

Dividend

The directors recommend a final dividend of £1,902,000 (1998 : £1,590,000).

Directors and directors' interests

The directors who held office during the year were as follows:

IM Topping
DR Shaw

Neither of the directors who held office at the end of the year had a beneficial interest in the share capital of the company.

Messrs Topping and Shaw are directors of Relyon Group p.l.c. and their beneficial interests in the ordinary shares and options to subscribe for the ordinary shares are included in the financial statements of that company.

No director had a financial interest in any contract to which the parent company or a subsidiary was a party during the financial year.

Creditor payment policy

The policy is to negotiate terms of payment with suppliers on an individual basis and that remittances should then be made within those mutually agreed terms.

Year 2000 compliance

A full review of the company's business critical systems and services was completed well in advance of the 1999 year end and included a full scale simulation of the 1 January 2000 date change. The total expenditure required to address this issue was not material to profitability and has been dealt with through the profit and loss account. Assurances were sought from our supplier base to confirm that they had taken appropriate steps to minimise disruption to our supplies. No system failures have been experienced following the year 2000 date change and we can be confident that systems are fully compliant.

Relyon (Holdings) Limited

Directors' report *(continued)*

Auditors

In accordance with S.385 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors of the company at a fee to be fixed by the directors is to be proposed at the Annual General Meeting.

By order of the board



S Shipman (Mrs)

Secretary

Relyon (Holdings) Limited

Statement of 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 year. In preparing these 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on a 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

KPMG Audit Plc
100 Temple Street
BRISTOL
BS1 6AG

Report of the auditors to the members of Relyon (Holdings) Limited

We have audited the financial statements on pages 5 to 14.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

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.

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 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc
KPMG Audit Plc
Chartered Accountants
Registered Auditor

13/3/00

Relyon (Holdings) Limited

Profit and loss account

for the year ended 31 December 1999

	<i>Note</i>	1999 £000	1998 £000
Net operating income	2	-	-
Operating profit - continuing operations	3	-	-
Income from shares in group undertakings		<u>1,902</u>	<u>1,590</u>
Profit on ordinary activities before taxation		1,902	1,590
Tax on profit on ordinary activities	6	<u>(13)</u>	<u>8</u>
Profit for the financial year		1,889	1,598
Proposed dividend		<u>(1,902)</u>	<u>(1,590)</u>
Retained (loss)/profit	13	<u>(13)</u>	<u>8</u>

There were no recognised gains or losses other than those reported above.

A reconciliation of movement in shareholders' funds is shown in note 14 to the financial statements.

Relyon (Holdings) Limited

Note of historical cost profits and losses for the year ended 31 December 1999

	1999 £000	1998 £000
Profit before taxation	1,902	1,590
Difference between historical cost depreciation and actual depreciation	<u>7</u>	<u>7</u>
Historical cost profit before taxation	<u>1,895</u>	<u>1,597</u>
Historical cost profit/(loss) retained	<u>(6)</u>	<u>15</u>

Relyon (Holdings) Limited

Balance sheet

as at 31 December 1999

	Note	1999 £000	1998 £000
Fixed assets			
Tangible assets	7	6,437	5,723
Investments	8	10,475	10,475
		<u>16,912</u>	<u>16,198</u>
Current assets			
Debtors	9		
Due after more than one year		7,054	7,680
Due within one year		1,986	1,862
		<u>9,040</u>	<u>9,542</u>
Cash at bank and in hand		59	15
		<u>9,099</u>	<u>9,557</u>
Creditors: amounts falling due within one year	10	2,058	1,979
Net current assets		<u>7,041</u>	<u>7,578</u>
Total assets less current liabilities		<u>23,953</u>	<u>23,776</u>
Creditors: amounts falling due after more than one year			
Amounts owed to group undertakings		11,215	11,083
Provisions for liabilities & charges	11	89	31
Net assets		<u>12,649</u>	<u>12,662</u>
Capital and reserves			
Called up share capital	12	3,725	3,725
Share premium	13	50	50
Merger reserve	13	6,650	6,650
Revaluation reserve	13	439	446
Profit and loss account	13	1,785	1,791
Equity shareholders' funds	14	<u>12,649</u>	<u>12,662</u>

These financial statements were approved by the board of directors on 13 March 2000 and were signed on its behalf by:



IM Topping
Director

The attached notes form part of these financial statements.

Relyon (Holdings) Limited

Notes

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared under the historical cost convention as modified by the revaluation of land and buildings and comply with applicable UK accounting standards.

Fixed assets and depreciation

Fixed assets are shown at cost less appropriate depreciation. Depreciation is provided to write off the cost less estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives within the following ranges:

Freehold buildings	-	50 years
Long leasehold land and buildings	-	50 years
Plant and equipment	-	10 years
Fixtures and fittings	-	3 to 5 years

No depreciation is provided on freehold land.

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 taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Cash flow statement

Under FRS 1, the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking.

Group accounts

Group accounts are not submitted as the company is a wholly owned subsidiary undertaking of Relyon Group p.l.c., a company incorporated in Great Britain and registered in England and Wales. Accordingly these accounts present information about the company as an individual undertaking and not about its group.

Related party transactions

In accordance with FRS 8, the company is exempt from disclosure of related party transactions with other group companies as the company is wholly owned and a consolidated report and accounts are prepared by the ultimate holding company.

Relyon (Holdings) Limited

Notes (continued)

2 Net operating income

1999	1998
£000	£000

Net operating income is made up as follows:-

Administrative expenses	(362)	(286)
Other operating income	362	286
	<u>-</u>	<u>-</u>

3 Operating profit

1999	1998
£000	£000

Operating profit is stated after charging:-

Depreciation	205	181
Property rentals	30	30
Auditors' remuneration and expenses for audit work	1	1

4 Remuneration of directors

The emoluments of the directors are paid by Relyon Group p.l.c. and details of their remuneration are included in the financial statements of that company.

5 Staff costs

The company has no employees (1998 : Nil).

6 Tax on profit on ordinary activities

1999	1998
£000	£000

Corporation tax at 30.25% (1998: 31%)	(66)	(41)
Under provision in prior years	21	4
Deferred taxation	58	29
	<u>13</u>	<u>(8)</u>

Relyon (Holdings) Limited

Notes (continued)

7 Tangible fixed assets

	Freehold land & buildings £000	Long leasehold land & buildings £000	Plant & machinery £000	Fixtures & fittings £000	Total £000
Cost					
At 1 January 1999	4,966	740	76	621	6,403
Additions	785	-	60	74	919
Transfers between asset categories	(6)	-	6	-	-
At 31 December 1999	<u>5,745</u>	<u>740</u>	<u>142</u>	<u>695</u>	<u>7,322</u>
Depreciation					
At 1 January 1999	140	23	60	457	680
Charge for year	<u>98</u>	<u>15</u>	<u>6</u>	<u>86</u>	<u>205</u>
At 31 December 1999	<u>238</u>	<u>38</u>	<u>66</u>	<u>543</u>	<u>885</u>
Net book value					
At 31 December 1999	<u>5,507</u>	<u>702</u>	<u>76</u>	<u>152</u>	<u>6,437</u>
At 31 December 1998	<u>4,826</u>	<u>717</u>	<u>16</u>	<u>164</u>	<u>5,723</u>

Freehold land and buildings includes land with a cost of £393,000 (1998: £393,000) which is not depreciated.

The assets which have been revalued comprise the following:-

	1999 £000	1998 £000
Freehold land and buildings		
At 1995 professional valuations	2,500	2,500
Aggregate depreciation thereon	<u>(185)</u>	<u>(139)</u>
Net book value	<u>2,315</u>	<u>2,361</u>
Historical cost of revalued assets	2,159	2,159
Aggregate depreciation based on historical cost	<u>(284)</u>	<u>(244)</u>
Historical net book value	<u>1,875</u>	<u>1,915</u>

The professional valuation was carried out by Edwin Hill, Chartered Surveyors, on the basis of open market value for existing use.

Relyon (Holdings) Limited

Notes (continued)

8 Investments

	1999 £000	1998 £000
Relyon Limited	6,000	6,000
Pritex Limited	4,375	4,375
Deptich Designs Limited	100	100
	<u>10,475</u>	<u>10,475</u>

The above shareholdings represent 100% of the issued share capital of the companies. The subsidiaries are incorporated in Great Britain and registered in England and Wales.

9 Debtors

	1999 £000	1998 £000
Due within one year:		
Amounts owed by group undertakings	73	74
Other debtors	3	180
Prepayments and accrued income	8	18
Dividends receivable	1,902	1,590
	<u>1,986</u>	<u>1,862</u>
Due after more than one year:		
Amounts owed by group undertakings	7,054	7,680
	<u>9,040</u>	<u>9,542</u>

10 Creditors: amounts falling due within one year

	1999 £000	1998 £000
Trade creditors	84	302
Amounts owed to group undertakings	51	84
Corporation tax	21	-
Accruals and deferred income	-	3
Dividends payable	1,902	1,590
	<u>2,058</u>	<u>1,979</u>

Relyon (Holdings) Limited

Notes (continued)

11 Provisions for liabilities and charges

	1999 £000	1998 £000
Deferred tax		
At 1 January	31	2
Charged in the year	58	29
	<hr/>	<hr/>
At 31 December	89	31
	<hr/> <hr/>	<hr/> <hr/>

	Amount provided 1999 £000	Full potential liability 1999 £000	Amount provided 1998 £000	Full potential liability 1998 £000
Accelerated capital allowances	89	445	31	422

Deferred tax is not provided on revalued assets on the basis that no gains are expected to crystallise in the foreseeable future.

12 Share capital

	1999 £000	1998 £000
Authorised:		
4,000,000 (1998: 4,000,000) ordinary shares of £1 each	4,000	4,000
Allotted and fully paid:		
3,725,000 (1998: 3,725,000) ordinary shares of £1 each	3,725	3,725

13 Reserves

	Share premium £000	Merger reserve £000	Revaluation reserve £000	Profit & loss account £000
At 1 January 1999	50	6,650	446	1,791
Transfer from revaluation reserve	-	-	(7)	7
Retained profit for the year	-	-	-	(13)
At 31 December 1999	50	6,650	439	1,785

Relyon (Holdings) Limited

Notes (continued)

14 Reconciliation of movements in shareholders' funds

	1999 £000	1998 £000
Total recognised gains for the year	1,889	1,598
Dividends	(1,902)	(1,590)
Net movement in shareholders' funds	(13)	8
Opening shareholders' funds	12,662	12,654
Closing shareholders' funds	12,649	12,662

15 Contingent liabilities

The company has entered into a composite cross guarantee with the other companies in the group to guarantee the group's overdrafts.

16 Capital commitments

	1999 £000	1998 £000
Contracted capital expenditure	8	920

17 Lease commitments

The company is committed to make payments during the next twelve months under property related operating leases expiring:-

	1999 £000	1998 £000
After five years	30	30

Relyon (Holdings) Limited

Notes *(continued)*

18 **Related party disclosures**

The company is controlled by Relyon Group p.l.c., the ultimate holding company.

19 **Ultimate holding company**

The immediate and ultimate holding company is Relyon Group p.l.c., PO Box 1, Wellington, Somerset, TA21 8NN, a company incorporated in Great Britain and registered in England and Wales. Consolidated accounts are available from this address.