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Craneheath
Securities
Limited

Directors' Report and
Financial Statements
for the year ended
30th September 1987



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**Craneheath
Securities
Limited**

Directors

E S Margulies (*Chairman*)
A H Morton (*Managing Director*)
A C Debney

Secretary

P F O'Connor

Registered Office

1 Bentinck Street
London, W1M 5RN

Auditors

Deloitte Haskins & Sells
128 Queen Victoria Street
London EC4P 4JX

Ultimate Holding Company

S & W Berisford PLC
(*Incorporated in England*)
Berisford Wing
1 Prescott Street
London E1 8AZ

Report of the Directors

The directors present their report and the financial statements, for the year ended 30th September, 1987.

Principal Activities

The company is an approved deposit licensed taking institution under the Banking Act 1987 and continues to carry on the business of providing banking services to its customers which include the operation of current, deposit and loan accounts.

Review of the Business

The major event of the year was the recapitalisation of the Company by the injection from the holding company of an additional two million pounds as a contribution to equity. This will allow the Company to grant loans and advances of larger denominations which will contribute to an improved level of profitability in the coming year to build upon the improvement shown for the year just ended.

Results and Dividends

The results of the company for the year are set out on page 4. The directors do not recommend the payment of a dividend.

Directors

The directors who served during the year were as follows:

E.S. Margulies
A.C. Debney (appointed 5th April 1987)
A.H. Morton
J. Friedman (resigned 11th December 1986)

A.H. Morton – Shares, Interest in S. & W. Berisford PLC. (Ultimate Holding Co).

	September 1986	September 1987
Ordinary Shares held	2,579	2,579
Share Options under the S. & W. Berisford Savings Related Share Option Scheme on 19th April 1984 at 172p each, exercisable between June and December 1989	2,151	2,151
Share Options under the S. & W. Berisford Executive Share Option Scheme on 17th July 1986 over the following Ordinary Shares granted at 229p each	65,502	65,502
Share Options under the S. & W. Berisford Executive Share Option Scheme on 15th April 1987 over the following Ordinary Shares granted at 275p each		137,207

Taxation Status

In the opinion of the directors, the company is not a close company within the meaning of the Income and Corporation Taxes Act, 1970 (as amended).

Auditors

Deloitte Haskins & Sells are willing to continue in office and a resolution for their reappointment will be proposed at the Annual General Meeting.

By order of the board
P.F. O'Connor
Secretary

P.F. O'Connor

**Craneheath
Securities
Limited**

**Auditors Report
to the Members of
Craneheath Securities Limited**

We have audited the financial statements on pages 3 to 9 in accordance with approved Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 30th September 1987 and of its profit and source and application of funds for the year then ended, and comply with the Companies Act 1985.

Deloitte Haskins & Sells
Chartered Accountants
London

12th June 1988

**Craneheath
Securities
Limited**

**Profit and Loss Account for the
year ended 30 September 1987**

	Notes	1987 £	1986 £
Turnover	2	382,707	353,292
Interest Payable		<u>227,596</u>	<u>226,905</u>
		155,111	126,387
Gross Profit			
Administrative Expenses and Operating Charges		<u>151,941</u>	<u>146,828</u>
		3,170	(20,441)
Other Operating Income		33,744	32,342
Exceptional Item	3	<u>—</u>	<u>(37,505)</u>
Profit/(Loss) on Ordinary Activities before Taxation	4	36,914	(25,604)
Taxation	5	<u>2,429</u>	<u>4,113</u>
Retained Profit/(Loss) for the Year		34,485	(29,717)
Retained Profit at 1st October 1986		<u>130,334</u>	<u>160,051</u>
Retained Profit at 30th September 1987		<u><u>£164,819</u></u>	<u><u>£130,334</u></u>

**Craneheath
Securities
Limited**

Balance Sheet at 30 September 1987

	Notes	£	1987 £	£	1986 £
Fixed Assets					
Tangible assets	6		31,367		36,933
Investments	7		<u>2</u>		<u>2</u>
			31,369		36,935
Current Assets					
Debtors and prepayments	8	28,818		40,450	
Advances to customers		2,377,252		1,027,547	
Money at call and short notice	9	2,332,000		1,619,009	
Cash in hand and at bank		<u>120,958</u>		<u>40,346</u>	
		4,859,028		2,727,352	
Creditors - Due Within One Year					
Sundry creditors and accruals	10	11,612		51,113	
Deposit and current accounts	11	<u>912,000</u>		<u>1,029,829</u>	
		923,612		1,080,942	
Net Current Assets			3,935,416		1,646,410
Total Assets Less Current Liabilities			3,966,785		1,683,345
Creditors: Due After More Than One Year					
Deposit Accounts		1,200,000		1,200,000	
Subordinated Loan		<u>450,000</u>		<u>200,000</u>	
	12		1,650,000		1,400,000
			£2,316,785		£283,345
Provision for deferred taxation	13		3,458		4,503
			<u>£2,313,327</u>		<u>£278,842</u>
Capital and Reserves					
Called Up Share Capital	14		148,508		148,508
Profit and Loss Account			164,819		130,334
Capital Reserves	15		<u>2,000,000</u>		<u>—</u>
			£2,313,327		£278,842

The financial statements on pages 3 to 9 were approved by the board of directors on and were signed on its behalf by:

11th April 1988

Directors

[Handwritten signatures]

**Craneheath
Securities
Limited**

**Statement of Source and Application of Funds
for the year ended 30 September 1987**

	£	1987 £	£	1986 £
Source of Funds				
Profit/(Loss) before tax		36,914		(25,604)
Adjustments for items not involving movement of funds:				
Depreciation	10,659		9,076	
Loss on sale of fixed assets	—		7,505	
		<u>10,659</u>		<u>16,581</u>
Funds Generated from/ (Absorbed By) Operations		47,573		(9,023)
Funds from Other Sources				
Contribution from holding company	2,000,000		—	
Subordinated Loan	<u>250,000</u>		<u>—</u>	
		<u>2,250,000</u>		
		2,297,573		(9,023)
Application of Funds				
Dividends Paid	—		11,881	
Purchase of Fixed Assets	5,093		21,435	
ACT Paid	—		292	
Group relief paid	<u>37,818</u>		<u>16,372</u>	
		<u>(42,911)</u>		<u>(49,980)</u>
		<u><u>£2,254,662</u></u>		<u><u>£(59,003)</u></u>
Increase/(Decrease) in Working Capital				
Increase/(Decrease) in Advances to Customers	1,349,705		(283,928)	
(Decrease)/Increase in Debtors and prepayments	(13,836)		12,558	
Decrease/(Increase) in Creditors and Accrued Expenses	7,361		(1,177)	
Decrease in Deposit and Current Accounts	<u>117,829</u>		<u>79,017</u>	
		1,461,059		(193,530)
Movement in Net Liquid Funds				
Increase in Cash in hand and at Bank	80,612		5,527	
Increase in money at Call and Short Notice	<u>712,991</u>		<u>129,000</u>	
		<u>793,603</u>		<u>134,527</u>
		<u><u>£2,254,662</u></u>		<u><u>£(59,003)</u></u>

**Notes to the Financial Statements
for the year ended 30 September 1987**

1 Accounting Policies

- a) These financial statements have been prepared under the historical cost convention.
- b) All interest on investments and customers accounts are treated on an accrual basis.
- c) All tangible fixed assets are written off over their estimated useful lives on a straight line basis, as follows:

Office furniture	—	5-8 years
Office equipment	—	5 years
Leasehold improvements	—	3-5 years
- d) Provision is made for taxation liabilities arising from the allocation of items to different periods for taxation and for accounting purposes.
Debit balances arising are only carried forward to the extent that they are expected to be receivable without replacement by equivalent debit balances.
- e) Advances to customers are stated after any provision for bad and doubtful debts which are based on any identified risk advances.

2 Turnover

Turnover consists of interest receivable, commitment fees, service charges and commissions received.

3 Exceptional Item	1987 £	1986 £
Ex-gratia payment to director on resignation	<u>—</u>	<u>37,505</u>

4 Profit/(Loss) on Ordinary Activities before Taxation

This is arrived at after charging/(crediting):

	1987	1986
Depreciation of tangible fixed assets	10,659	9,076
Directors' remuneration (all managing director)	—	2,500
Auditors' remuneration	6,600	6,000
Rental income	<u>(33,453)</u>	<u>(32,330)</u>
Staff costs:		
Wages and salaries	56,394	50,311
Social security costs	5,226	4,505
Other pension costs	1,784	577
	<u>£63,404</u>	<u>£55,393</u>

**Notes to the Financial Statements
for the year ended 30 September 1987**

		1987	1986
4	Profit/(Loss) on Ordinary Activities before Taxation (continued)		
The average number of persons employed by the company during the year was as follows:			
	Manager (and managing director in 1986)	1	2
	Banking services	4	4
		<u>5</u>	<u>6</u>
5	Taxation	1987	1986
	Group relief at 35% (1986: 37½%) based on profits/(losses) for the year	£	£
	(Less)/add: Deferred taxation (see note 13)	3,474	(34,833)
	Under provision in respect of prior year	(1,045)	33,271
		<u>—</u>	<u>5,675</u>
		<u>£2,429</u>	<u>£4,113</u>
6	Fixed Assets		
		Leasehold improve- ments	Office furniture
		Office equipment and machines	TOTAL
		£	£
Cost			
	At 1st October 1986	11,506	3,737
	Additions	1,774	1,048
	At 30th September 1987	<u>13,280</u>	<u>4,785</u>
	At 1st October 1986	33,349	48,592
		2,271	5,093
	At 30th September 1987	<u>35,620</u>	<u>53,685</u>
	At 1st October 1986	8,657	11,659
	Charge for the year	6,396	10,659
	At 30th September 1987	<u>15,053</u>	<u>22,318</u>
	At 30th September 1987	<u>£20,567</u>	<u>£31,367</u>
	At 30th September 1986	<u>£24,692</u>	<u>£36,933</u>
7	Investments		
The company has a wholly owned subsidiary company, Craneheath Nominees Limited, which is incorporated in Great Britain and has not traded since incorporation. Group accounts have not been prepared since the company is a wholly owned subsidiary of another company incorporated in Great Britain.			

**Notes to the Financial Statements
for the year ended 30 September 1987**

	1987 £	1986 £
8 Sundry Debtors		
Group relief receivable	2,204	—
Other debtors	14,063	14,063
Prepayments	12,551	26,387
	<u>£28,818</u>	<u>£40,450</u>
9 Money at Call and Short Notice		
Of this, the amount placed with the ultimate holding company amounted to	<u>£1,332,000</u>	<u>£1,119,009</u>
10 Sundry Creditors		
Group relief payable	—	32,140
Other taxes and Social Security	1,562	2,449
Accruals	10,050	16,524
	<u>£11,612</u>	<u>£51,113</u>
11 Deposit and Current Accounts		
Deposit accounts at call	220,467	139,751
Deposit accounts at 7 days call	306,540	406,356
Deposit accounts at 1 month call	1,066	321
Deposit accounts at 1 month fixed	238,854	231,252
	<u>766,927</u>	<u>777,680</u>
Current accounts	145,073	252,149
	<u>£ 912,000</u>	<u>£1,029,829</u>
12 Creditors due after more than one year		
These amounts are due to the ultimate holding company and are payable otherwise than by instalments beyond five years. Interest on these amounts is charged at 1% over the base rate.		

**Notes to the Financial Statements
for the year ended 30 September 1987**

13 Deferred Taxation	1987	1986
	£	£
Balance at 1st October 1986	<u>4,503</u>	<u>(28,768)</u>
Timing differences arising/(reversing):		
On interest accrued	—	28,820
On capital allowances	<u>1,045</u>	<u>4,451</u>
	<u>1,045</u>	<u>33,271</u>
Deferred Liability 30.9.87	<u>3,458</u>	<u>4,503</u>

The deferred tax liability represents the full potential liability arising due to capital allowances being available for tax purposes in excess of depreciation charged.

14 Called Up Share Capital

Authorised		
180,000 'A' ordinary shares of £1 each	180,000	180,000
20,000 'B' ordinary shares of £1 each	<u>20,000</u>	<u>20,000</u>
	<u>£200,000</u>	<u>£200,000</u>
Allotted, issued and fully paid:		
148,406 'A' ordinary shares of £1 each	148,406	148,406
102 'B' ordinary shares of £1 each	<u>102</u>	<u>102</u>
	<u>£148,508</u>	<u>£148,508</u>

15 Capital Reserves

During the year the company received a capital injection of £2,000,000 from the holding company.

16 The ultimate holding company is S. & W. Berisford FLC, which is incorporated in England.

The pages which follow **do not**
form part of the statutory
accounts

They should be **detached** if the
preceding pages are to be filed
with the Registrar of Companies

Details of Items Disclosed in the
Statutory Balance Sheet
30 September 1987

	1987	1986
	£	£
Debtors and Prepayments		
Sundry debtors	12,551	26,387
Income tax recoverable	14,063	14,063
	<u>£26,614</u>	<u>£40,450</u>
 Cash at Bank and in Hand		
Cash in hand	3,427	8,182
Cash at bank		
No. 1 account	5,000	5,000
No. 2 account	112,531	27,164
	<u>£120,958</u>	<u>£40,346</u>
 Deposit and Current Accounts		
Deposit accounts at call	220,467	139,751
Deposit accounts at 7 days call	306,540	406,356
Deposit accounts at 1 month call	1,066	321
Deposit accounts at 1 month fixed	238,854	231,252
	<u>766,927</u>	<u>777,680</u>
Current accounts	145,073	252,149
	<u>£912,000</u>	<u>£1,029,829</u>

**Statutory Profit and Loss Account
for the year ended 30 September 1987**

	1987	1986
	£	£
Turnover		
Interest receivable	358,691	333,478
Service charges and commissions received	24,016	19,814
	<u>£382,707</u>	<u>£353,292</u>
Administrative Expenses and Operating Charges		
Directors' remuneration	—	2,500
Salaries	61,620	54,816
Staff pension scheme	1,784	577
Utilities, light, heat and telephone	3,741	3,326
Property expenses — 1 Bentinck Street	7,297	6,156
Rent payable	38,250	38,250
Travelling and entertaining	735	851
Postage and stationery	5,954	4,071
Auditors' remuneration	6,415	6,000
Accountancy charges	306	345
Legal and professional	1,487	4,235
General expenses	8,465	11,973
Bad debts charge	2,476	1,546
Depreciation:		
Leasehold	3,637	1,038
Office furniture	626	584
Office equipment	6,396	25
Office machines	—	5,928
Motor car	—	1,501
Bank charges	2,752	3,106
	<u>£151,941</u>	<u>£146,828</u>
Other Operating Income		
Rental income	33,453	32,330
Bank interest	291	12
	<u>£33,744</u>	<u>£32,342</u>