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MICHAEL RUTHERFORD LIMITED

Company No. 1103432

Approved

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FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st DECEMBER, 1985

Bryce Harmer & Co.
Chartered Accountants
23, Albemarle Street,
Piccadilly,
London, W1X 4DH.



MICHAEL RUTHERFORD LIMITED

REPORT OF THE DIRECTORS

Directors: Mr. M. Rutherford
Mrs. A. Rutherford
Secretary: B.H. Company Secretarial Services
Registered Office: 23 Albemarle Street, Piccadilly, London W1X 4DB.
The directors present their report for the year ended 31st December, 1985.

FINANCIAL STATEMENTS AND DIVIDENDS

The directors present the audited financial statements for the year ended 31st December, 1985. The results for the year are shown in the profit and loss account on page 3.
The directors do not recommend the payment of a dividend.

PRINCIPAL ACTIVITY AND REVIEW OF BUSINESS DEVELOPMENTS

The principal activity of the Company continued to be in the entertainment field.
Both the level of business and year end financial position were satisfactory and the directors expect that the present level of activity will be sustained for the foreseeable future.

DIRECTORS AND DIRECTORS' INTERESTS

The directors who served during the year are listed above.
The directors' interests in the ordinary shares of the Company at 31st December, 1985 were as follows:

	Ordinary shares of £1 each
Mr. M. Rutherford	99
Mrs. A. Rutherford	1

These holdings were unchanged from 31st December, 1984.

SUBSEQUENT EVENTS

There were no significant events after the balance sheet date which materially affect these financial statements.

CLOSE COMPANY

The Company is a close company within the meaning of the Income and Corporation Taxes Act 1970 and the Finance Act 1972.

AUDITORS

In accordance with Section 384(1) of the Companies Act 1985, a resolution proposing the re-appointment of Bryce Harmer & Co. as auditors to the Company will be put to the Annual General Meeting.

ON BEHALF OF THE BOARD
M.J.C.C. Rutherford
Director

Date: 4th April, 1986

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REPORT OF THE AUDITORS
TO THE MEMBERS OF
MICHAEL RUTHERFORD LIMITED

We have audited the financial statements on pages 3 to 8
in accordance with approved Auditing Standards.

In our opinion the financial statements, which have been
prepared under the historical cost convention, give a true
and fair view of the state of affairs of the Company at
31st December, 1985 and of the profit and source and
application of funds for the year then ended, and comply
with the Companies Act 1985.

BRYCE, HANMER & CO.

Auditors
Chartered Accountants

23 Albemarle Street,
Piccadilly,
London W1X 4DB.

Date: 4th April, 1986

MICHAEL RUTHERFORD LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31st DECEMBER, 1985

	<u>Note</u>	<u>1985</u> £	<u>1984</u> £
<u>ROYALTIES RECEIVED</u>		593,555	1,115,968
Royalties payable and related direct costs		(150,892)	(225,939)
<u>NET INCOME</u>		462,463	890,029
Administrative expenses		(526,451)	(637,292)
<u>NET OPERATING (EXPENDITURE)/INCOME</u>	2	(63,988)	252,737
Other income	4	101,502	25,423
Interest payable and similar charges	5	(8,139)	(5,357)
<u>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</u>		29,395	272,803
Tax on profit on ordinary activities	6	-	(15,223)
<u>PROFIT FOR THE YEAR</u>		<u>£29,395</u>	<u>£257,580</u>
 <u>STATEMENT OF RETAINED PROFITS</u>			
Balance at 1st January, 1985		134,121	(123,459)
Profit for the year		29,395	257,580
Balance at 31st December, 1985		<u>£163,516</u>	<u>£134,121</u>

The notes on pages 6 to 8 form part of these financial statements.

MICHAEL RUTHERFORD LIMITED

BALANCE SHEET AS AT 31st DECEMBER, 1985

		1985	1984
	No to	£	£
<u>FIXED ASSETS</u>			
Tangible fixed assets	7	117,205	135,566
<u>INVESTMENT</u>	8	55	55
		<u>117,238</u>	<u>135,599</u>
<u>CURRENT ASSETS</u>			
Debtors	9	348,550	197,406
Short term investments	10	111,020	108,092
Cash at bank		<u>153,275</u>	<u>452,400</u>
		612,825	667,898
<u>CREDITORS - amounts falling due within one year</u>	11	<u>(566,447)</u>	<u>(669,276)</u>
<u>NET CURRENT ASSETS/(LIABILITIES)</u>		<u>46,378</u>	<u>(1,378)</u>
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		<u>£163,616</u>	<u>£134,221</u>
<u>CAPITAL AND RESERVES</u>			
Called up share capital	12	100	100
Profit and loss account		<u>163,516</u>	<u>134,121</u>
		<u>£163,616</u>	<u>£134,221</u>

A.M. Rutherford

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M.J.C.C. Rutherford

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Directors

Date: 4th April, 1986

MICHAEL RUTHERFORD LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED 31st DECEMBER, 1985

	<u>1985</u>	<u>1984</u>
	£	£
<u>SOURCE OF FUNDS</u>		
Profit on ordinary activities before taxation	29,395	272,803
Adjustment for items not involving the movement of funds :		
Profit on disposal of tangible fixed assets	(1,115)	-
Depreciation	25,723	25,705
Profit on disposal of investments	(2,928)	-
Funds generated from operations	51,075	298,508
<u>FUNDS FROM OTHER SOURCES</u>		
Proceeds from sale of tangible fixed assets	8,275	-
Taxation recovered	-	5,200
Proceeds from sale of investments	35,390	-
Total source of funds	94,740	303,708
<u>APPLICATION OF FUNDS</u>		
Taxation paid/suffered	(17,547)	(3,455)
Purchase of tangible fixed assets	(14,521)	(52,187)
Purchase of investments	(35,390)	(75,631)
<u>INCREASE IN WORKING CAPITAL</u>	<u>£27,282</u>	<u>£172,435</u>
 <u>Arising from movements in :</u>		
Debtors	148,517	(36,311)
Creditors	85,164	(289,314)
Directors' loan accounts	99,386	65,939
Movement in net liquid funds -		
(Decrease)/increase in cash at bank	(299,125)	452,400
(Increase) in bank overdraft	(6,660)	(20,279)
	<u>£27,282</u>	<u>£172,435</u>

MICHAEL RUTHERFORD LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER, 1985

1. ACCOUNTING POLICIES

(a) Accounting convention

The financial statements have been prepared under the historical cost convention.

(b) Royalties

Royalty income is credited on a cash received basis.

(c) Depreciation

The provision for depreciation is calculated on the cost of the tangible fixed assets in order to write off such costs over their estimated useful lives by equal annual instalments as follows :

Equipment	25%
Motor vehicles	25%
Furniture, fixtures and fittings	25%

2. NET OPERATING (EXPENDITURE)/INCOME

	<u>1985</u>	<u>1984</u>
In stated after charging :	£	£
Depreciation	25,723	25,705
Auditors' remuneration	1,500	2,500

3. DIRECTORS' REMUNERATION

Remuneration including pension contributions	<u>£395,000</u>	<u>£420,000</u>
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The highest paid director received
£200,000 (1984 : £225,000)

	<u>Number</u>	<u>Number</u>
Remuneration in scale :		
£ 20,001 - £ 25,000	1	1
£195,001 - £200,000	1	-
£220,001 - £225,000	-	1

4. OTHER INCOME

	<u>£</u>	<u>£</u>
Radio fee	502	-
Profit on currency exchange	33,504	-
Other fees	-	343
Interest received	59,620	24,664
Interest on corporation tax	-	416
Profit on disposal of tangible fixed assets	1,115	-
Profit on disposal of investment	2,928	-
Equipment hire	3,833	-
	<u>£101,502</u>	<u>£25,423</u>

MICHAEL RUTHERFORD LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st DECEMBER, 1985
(continued)

5. INTEREST PAYABLE AND SIMILAR CHARGES

	<u>1985</u>	<u>1984</u>
	£	£
Bank overdraft interest	436	1,186
Loan interest	6,661	4,171
Interest on late payment of corporation tax	1,008	-
Other interest	14	-
	<u>£8,119</u>	<u>£5,357</u>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

Taxation based on profit for the year

United Kingdom corporation tax at 30%	<u>£-</u>	<u>£15,223</u>
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7. TANGIBLE FIXED ASSETS

	<u>Leasehold property</u>	<u>Furniture fixtures and fittings</u>	<u>Motor vehicles</u>	<u>Equipment</u>	<u>Total</u>
	£	£	£	£	£
<u>Cost</u>					
At 1st January, 1985	81,271	11,576	43,276	54,695	190,818
Additions	-	3,272	4,895	6,354	14,521
Disposals	-	-	(11,639)	-	(11,639)
At 31st December, 1985	<u>81,271</u>	<u>14,848</u>	<u>36,532</u>	<u>61,049</u>	<u>193,700</u>
<u>Depreciation</u>					
At 1st January, 1985	-	5,786	28,207	21,259	55,252
Charge for the year	-	3,712	9,132	12,879	25,723
Disposals	-	-	(4,480)	-	(4,480)
At 31st December, 1985	<u>-</u>	<u>9,498</u>	<u>32,859</u>	<u>34,138</u>	<u>76,495</u>
<u>Net book value</u>					
At 31st December, 1985	<u>£81,271</u>	<u>£5,350</u>	<u>£3,673</u>	<u>£26,911</u>	<u>£117,205</u>
At 31st December, 1984	<u>£81,271</u>	<u>£5,790</u>	<u>£15,069</u>	<u>£33,436</u>	<u>£135,566</u>

8. INVESTMENT

This represents 33 per cent of the equity share capital of Fisher Lane Farm Limited at cost. In the opinion of the directors the market value is not less than cost.

The Company has not accounted for this investment as specified in SSAP1 as to do so would, in the opinion of the directors, involve expense and delay out of proportion to the value of the additional information to the members of the Company.

MICHAEL RUTHERFORD LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st DECEMBER, 1985
(continued)

9. DEBTORS - due within one year

	1985	1984
	£	£
Trade debtors	96,834	50,909
Taxation recoverable	4,530	-
Amounts due from related companies	150,409	46,393
Prepayments	1,029	622
Other debtors	5,651	9,482
Directors' current accounts	88,077	-
	<u>£349,530</u>	<u>£107,406</u>

10. SHORT TERM INVESTMENTS

	1985		1984	
	Cost	Market value	Cost	Market value
Government securities	<u>£111,020</u>	<u>£113,616</u>	<u>£108,092</u>	<u>£107,750</u>

11. CREDITORS - amounts falling due within one year

	1985	1984
	£	£
Bank overdraft (secured)	80,293	73,633
Trade creditors	21,272	45,733
Other creditors	2,793	175,833
Corporation tax	-	13,016
Social security and other taxes	449,398	302,844
Directors' current account	-	11,309
Pension fund loan	6,661	40,000
Accruals	6,030	6,908
	<u>£566,447</u>	<u>£669,276</u>

12. CALLED UP SHARE CAPITAL

	£100	£100
Authorised, issued and fully paid 100 ordinary shares of £1 each	<u>£100</u>	<u>£100</u>

13. DEFERRED TAXATION

No provision for deferred taxation has been made as, in the opinion of the directors, this liability is not likely to arise in the foreseeable future.

14. CONTINGENT LIABILITIES

There were no significant contingent liabilities at the balance sheet date (1984 : nil).

15. CAPITAL COMMITMENTS

There were no capital commitments at the balance sheet date (1984 : nil).