

ALEXANDERS COMMERCIAL FINANCE LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 1994



Company Registered Number: 1508646

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ALEXANDERS COMMERCIAL FINANCE LIMITED

REPORT OF THE DIRECTORS

The directors present their report and audited financial statements of the company for the year ended 31 December 1994.

RESULTS FOR THE YEAR

The profit and loss account on page 4 shows a profit after tax of £2,558,010 (1993 loss - £2,492,676).

The company has received confirmation from its parent undertaking, Credit Lyonnais (Investments) Ltd, that the latter will provide the necessary financial support to enable the company to meet its liabilities as they fall due for a period of at least twelve months from the date of signing these accounts.

DIVIDENDS AND TRANSFERS TO RESERVES

The directors propose the payment of a final dividend of £126,760 (1993 - £Nil). An amount of £2,431,250 has been transferred to reserves (1993 charged to reserves £2,492,676).

SHARE CAPITAL

There were no changes during the year in the company's authorised or issued share capital.

PRINCIPAL ACTIVITIES

The company's principal activity during the year was invoice discounting.

FUTURE DEVELOPMENTS

The directors believe that the company should cease to trade in 1995.

FIXED ASSETS

The changes in fixed assets during the year are summarised in Note 8 to the accounts.

DIRECTORS

The directors who held office at any time during the year ended 31st December 1994 were as follows:-

D Smith	Chairman
B F Armstrong	
H B Craen	(Resigned 26 April 1994)
F C Melul	

DIRECTORS' INTERESTS

Throughout the year B F Armstrong held 1 ordinary share as trustee for Credit Lyonnais (Investments) Ltd.

Except as noted above none of the directors had an interest in the shares of the company nor in the shares of the ultimate holding company, Credit Lyonnais SA at 31 December 1994.

ALEXANDERS COMMERCIAL FINANCE LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

STATEMENT OF DIRECTORS RESPONSIBILITIES

The directors are required by the Companies Act 1985 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 for the financial year.

The directors consider that in preparing the financial statements on pages 4 to 12, the company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed.

Directors have the responsibility to prepare financial statements on a going concern basis, where this is considered appropriate.

The directors have the responsibility for ensuring that the company keeps accounting records which disclose with reasonable accuracy the financial position of the company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The directors 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.

AUDITORS

A resolution proposing the re-appointment of Price Waterhouse as auditors will be put to the Annual General Meeting.

By Order of the Board

A handwritten signature in dark ink, appearing to read 'B. Sweeney', with a long, sweeping horizontal line extending to the right.

B. SWEENEY
Secretary

5 May 1995

**AUDITORS REPORT TO THE MEMBERS OF
ALEXANDERS COMMERCIAL FINANCE LIMITED
FOR THE YEAR ENDED 31 DECEMBER 1994**

We audited the financial statements on pages 4 to 12 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st December 1994 and of its profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Price Waterhouse
Chartered Accountants
and Registered Auditors
London

5 May 1995.

ALEXANDERS COMMERCIAL FINANCE LIMITED
PROFIT AND LOSS ACCOUNT FOR THE
YEAR ENDED 31 DECEMBER 1994

	Notes	<u>1994</u>	<u>1993</u>
		£	£
TURNOVER	2	704,113	3,457,408
Operating Expenses		(444,012)	(3,552,959)
EXCEPTIONAL ITEM			
Writeback of doubtful debts provision	3	<u>2,291,960</u>	<u>-</u>
OPERATING PROFIT	4	2,552,061	(95,551)
Net Interest	6	<u>28,352</u>	<u>(2,386,575)</u>
PROFIT (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		2,580,413	(2,482,126)
Tax charge in respect of ordinary activities	7	<u>(22,403)</u>	<u>(10,550)</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE FINANCIAL YEAR		2,558,010	(2,492,676)
Dividends		<u>(126,760)</u>	<u>-</u>
RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR		<u>2,431,250</u>	<u>(2,492,676)</u>

All recognised gains and losses arising during the year are reflected in the profit and loss account.

The notes on pages 7 to 12 form an integral part of these financial statements.

ALEXANDERS COMMERCIAL FINANCE LIMITED

BALANCE SHEET AT 31 DECEMBER 1994

	Notes	<u>1994</u> £	<u>1993</u> £
FIXED ASSETS			
Tangible Assets	8	-	13,994
CURRENT ASSETS			
Debtors	9	885,292	29,722,469
Cash at bank and in hand	15	<u>12,995</u>	<u>175,334</u>
		898,287	29,897,803
CREDITORS: (amounts falling due within one year)	10	<u>(798,287)</u>	<u>(32,243,047)</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>100,000</u>	<u>(2,345,244)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>100,000</u>	<u>(2,331,250)</u>
CAPITAL AND RESERVES			
Called-up share capital	11	100,000	100,000
Profit and Loss account	12	-	<u>(2,431,250)</u>
Shareholders Funds		<u>100,000</u>	<u>(2,331,250)</u>

These accounts were approved by the Board of Directors on 5 May 1995 and signed on its behalf by:



D SMITH
MANAGING DIRECTOR



B F ARMSTRONG
DIRECTOR

The notes on pages 7 to 12 form an integral part of these financial statements.

ALEXANDERS COMMERCIAL FINANCE LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 1994

	Notes	<u>1994</u>	<u>1993</u>
		£	£
Net cash inflow from operating activities	13	26,324,795	15,775,252
Returns on investments and servicing of finance			
Interest Paid		(356,730)	(2,397,787)
Interest Received		<u>381,027</u>	<u>15,269</u>
Net cash flow/(outflow) from returns on investments and servicing of finance		26,349,092	13,392,734
Taxation			
Group Relief paid		-	(40,847)
Investing Activities			
Purchase of tangible fixed assets		-	(20,667)
Sale of tangible fixed assets		13,994	-
Net cash inflow before financing activities		<u>26,363,086</u>	<u>13,331,220</u>
Financing			
Repayment of loans by group undertakings		3,200,000	-
New Loans from group undertakings		-	31,860,120
Repayment of amounts borrowed		(31,252,731)	-
Loans advanced to group undertakings		<u>-</u>	<u>(3,200,000)</u>
Increase /(Decrease) in cash and cash equivalents	14	<u>(1,689,645)</u>	<u>41,991,340</u>

The notes on pages 7 to 12 form an integral part of these financial statements.

ALEXANDERS COMMERCIAL FINANCE LIMITED

NOTES TO THE ACCOUNTS AT 31 DECEMBER 1994

1. ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

Amounts due to and from customers

Trade debtors represent advances to customers net of provisions.

Depreciation

Depreciation was provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:-

Motor vehicles and computer equipment	-	over 4 years
Office furniture and equipment	-	over 8 years

During the year all fixed assets were sold at the net book amount to a group undertaking.

Foreign currencies

Assets and liabilities in foreign currency are expressed in sterling at rates of exchange ruling on the balance sheet date. Resultant exchange gains and losses are dealt with in the profit and loss account.

Deferred taxation

Deferred taxation is provided on the liability method on timing differences where it is expected that a liability will become payable or an asset will crystallise in the future.

Pensions

The Company's eligible employees are members of pension schemes administered by Credit Lyonnais Capital Markets PLC. These schemes encompass both funded defined benefit and defined contribution plans. In the case of defined benefit plans, the expected cost of providing pensions to employees of the Company is charged to the profit and loss account as incurred over the period of pensionable employment of employees. The cost is calculated by Credit Lyonnais Capital Markets PLC, based on the advice of independent actuaries, at what is expected to be a constant proportion of pensionable pay. In the case of defined contribution plans, the cost charged to the profit and loss account represents the contributions payable in respect of the year.

ALEXANDERS COMMERCIAL FINANCE LIMITED

NOTES TO THE ACCOUNTS AT 31 DECEMBER 1994 (CONTINUED)

2. TURNOVER

Turnover represents charges to customers in respect of services provided in invoice discounting and factoring commissions.

3. OPERATING PROFIT

	<u>1994</u> £	<u>1993</u> £
Profit on ordinary activities before taxation is stated after charging:		
Directors' emoluments (see below)		
Auditors' remuneration:		
Audit Fees	11,395	12,000
Other Fees	-	-
Depreciation	-	6,673
Management service charge	<u>131,019</u>	<u>325,782</u>

4. EXCEPTIONAL ITEM

Writeback of doubtful debt provisions no longer required. Specific provision writeback totalled £1,781,513 while general provision writeback amounted to £510,447.

<u>1994</u>	<u>1993</u>
<u>2,291,960</u>	-

5. DIRECTORS AND EMPLOYEES

a) Staff Costs

	<u>1994</u> £	<u>1993</u> £
Wages and salaries	34,045	116,539
Social Security costs	1,281	13,946
Other Pension costs	-	10,188
	<u>35,326</u>	<u>140,673</u>

The average number of staff employed by the Company during the year was 1 (1993:10).

b) Emoluments of the highest paid director were

	<u>1994</u> £	<u>1993</u> £
Emoluments (including pension scheme contributions)	<u>32,800</u>	<u>40,694</u>

The chairman and other directors did not receive any emoluments in respect of services to the company.

ALEXANDERS COMMERCIAL FINANCE LIMITED

NOTES TO THE ACCOUNTS AT 31 DECEMBER 1994 (CONTINUED)

6. INTEREST

	<u>1994</u>	<u>1993</u>
	£	£
Interest payable to group undertakings	(352,167)	(2,402,352)
Interest receivable from group undertakings	<u>380,519</u>	<u>15,777</u>
	<u>28,352</u>	<u>(2,386,575)</u>

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	<u>1994</u>	<u>1993</u>
	£	£
UK Corporation Tax Charge at 33%	(487,809)	-
Deferred Tax	<u>465,406</u>	<u>(10,550)</u>
Prior Year Corporation Tax	<u>(22,403)</u>	<u>(10,550)</u>

8. TANGIBLE FIXED ASSETS

	Office Furniture and <u>equipment</u> £
Cost:	
At 1 January 1994	20,667
Additions	-
Disposals	<u>(20,667)</u>
As at 31 December 1994	<u>-</u>
Depreciation:	
At 1 January 1994	6,673
Provided during the year	-
Disposals	<u>(6,673)</u>
At 31 December 1994	<u>-</u>
Net Book Value:	
At 31 December 1994	<u>-</u>
At 31 December 1993	<u>13,994</u>

ALEXANDERS COMMERCIAL FINANCE LIMITED

NOTES TO THE ACCOUNTS AS AT 31 DECEMBER 1994 (CONTINUED)

9. DEBTORS

	<u>1994</u>	<u>1993</u>
	£	£
Amounts owed by parent undertakings	873,807	-
Amounts owed by fellow group undertakings	1,085	5,078,889
Trade Debtors	-	24,603,105
Prepayments and accrued income	<u>10,400</u>	<u>40,475</u>
	<u>885,292</u>	<u>29,722,469</u>

10. CREDITORS (Amounts falling due within one year)

	<u>1994</u>	<u>1993</u>
	£	£
Amounts owed to holding company	126,760	-
Amounts owed to fellow group undertakings	607,389	31,864,673
Taxation	30,108	7,705
Accruals	<u>34,030</u>	<u>370,669</u>
	<u>798,287</u>	<u>32,243,047</u>

11. SHARE CAPITAL

	<u>1994</u>	<u>1993</u>
	NUMBER	NUMBER
Authorised:		
Ordinary Shares of £1 each	250,000	250,000
Allotted:		
Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

12. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS FUNDS

	<u>1994</u>	<u>1993</u>
	£	£
Profit/(loss) for financial year	2,558,010	(2,492,676)
Dividends	<u>(126,760)</u>	<u>-</u>
	2,431,250	(2,492,676)
Other recognised gains and losses	<u>-</u>	<u>-</u>
Net Increase/(decrease) in shareholders funds	2,431,250	(2,492,676)
Opening shareholders funds	<u>(2,331,250)</u>	<u>161,426</u>
Closing shareholders funds	<u>(100,000)</u>	<u>(2,331,250)</u>

ALEXANDERS COMMERCIAL FINANCE LIMITED

NOTES TO THE ACCOUNTS AS AT 31 DECEMBER 1994 (CONTINUED)

13. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	<u>1994</u>	<u>1993</u>
	£	£
Profit/(loss) on ordinary activities before taxation	2,580,413	(2,482,126)
Net Interest	<u>(28,352)</u>	<u>2,386,575</u>
Operating profit/(loss)	2,552,061	(95,551)
Provision for bad debts	(2,291,960)	2,700,000
Depreciation	-	6,673
Decrease in debtors	26,401,333	12,816,814
Increase /(decrease) in creditors	<u>(336,639)</u>	<u>347,316</u>
Net cash inflow from operating activities	<u>26,324,795</u>	<u>15,775,252</u>

14. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR

	<u>1994</u>	<u>1993</u>
	£	£
Balance at 1 January	2,053,726	(39,937,614)
Net cash flow	<u>(1,689,645)</u>	<u>41,991,340</u>
Balance at 31 December	<u>364,081</u>	<u>2,053,726</u>

15. ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS AS SHOWN IN THE BALANCE SHEET

	<u>1994</u>	<u>1993</u>
	£	£
Cash at bank and in hand	12,995	175,334
Bank accounts with group undertakings	<u>351,086</u>	<u>1,878,392</u>
	<u>364,081</u>	<u>2,053,726</u>

ALEXANDERS COMMERCIAL FINANCE LIMITED

NOTES TO THE ACCOUNTS AT 31 DECEMBER 1994 (CONTINUED)

16. PENSION COSTS

The company's eligible employees were members of pension schemes administered by Credit Lyonnais Capital Markets PLC ('CLCM') in whose accounts details of the latest actuarial valuations as at 1 May 1994 are disclosed. The schemes encompass both funded defined benefit and defined contribution plans.

As a result of a significant reduction in number of members of the defined benefit scheme, a previous valuation (as at 1 May 1992) showed a surplus, part of the benefit of which on the basis of actuarial advice was taken by suspending regular contributions to the defined contribution scheme from 1 August 1992 to 30 June 1994. This has resulted in the reduction of the regular funding cost of the defined benefit scheme which otherwise would have amounted to £Nil (1993 £1,124). The funding cost of the defined contribution scheme amounted to £1,202 (1993 £9,064) respectively.

	<u>1994</u>	<u>1993</u>
	£	£
Contributions payable to defined contribution plans	-	1,124
Cost of defined benefit plans	<u>-</u>	<u>-</u>
	<u>-</u>	<u>1,124</u>

From 1 July 1994, the amount shown in the profit and loss account in respect of the defined benefit plan is the expected cost of providing pensions to employees of pensionable employment of the group companies. This cost is calculated by CLCM based on the advice of independent actuaries, at what is expected to be a constant proportion of pensionable pay.

In the case of defined contribution plans, the cost charged to the profit and loss account represents the contributions payable in respect of the year.

17. HOLDING COMPANIES

Group financial statements are prepared in the United Kingdom by the company's intermediate holding company, Credit Lyonnais (Investments) Limited, a company registered in England. Group financial statements can be obtained from the Company Secretary, Broadwalk House, 5 Appold Street, London EC2A 2DA.

The company's ultimate holding company is Credit Lyonnais SA, a company registered in France. Group financial statements can be obtained from 19 boulevard des Italiens, 75002 Paris, France.