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**WOLFE SECURITIES LIMITED**

**Financial Statements for the  
year ended 31 March 1997**



# **WOLFE SECURITIES LIMITED**

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## **DIRECTORS**

Mrs B Davidson  
Mrs M Y Kay  
G A Davidson  
E N Twena  
E P Kay

## **SECRETARY**

E N Twena

## **REGISTERED OFFICE**

58 Queen Anne Street  
LONDON W1M 9LA

## **COMPANY REGISTRATION NUMBER**

1652427

## **AUDITORS**

REVILL PEARCE  
Chartered Accountants  
58 Queen Anne Street  
LONDON W1M 9LA

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**REPORT OF THE DIRECTORS**

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The Directors present their report and financial statements for the year ended 31 March 1997.

**Principal Activities**

The principal trading activities of the company are property and share dealing, insurance broking and the lending of money at interest.

**Directors and their interests**

The directors who served the company throughout the period together with their interests (including family interests) in the shares of the company at the beginning and end of the period were as follows:-

	Ordinary £1 shares	
	31-3-97	31-3-96
Mrs B Davidson	-	-
Mrs M Y Kay	1,000,000	2
G A Davidson	1,000,000	2
E N Twena	-	-
E P Kay	-	-

The interests of G A Davidson and Mrs M Y Kay are by virtue of their interest in the assets of The Manny Davidson Discretionary Trust

**Statement of directors' responsibilities**

The directors are obliged under company law to prepare financial statements for each financial year.

The directors are satisfied that these financial statements give a true and fair view of the state of affairs of the company as at 31 March 1997 and of the loss for the year then ended.

These financial statements have been prepared by the directors on a going concern basis, using suitable accounting policies consistently applied, supported by reasonable and prudent judgements and estimates. Applicable accounting standards have been followed.

The directors are satisfied that adequate accounting records have been maintained in order to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

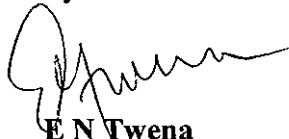
**Auditors**

Revell Pearce have indicated their willingness to continue in office and in accordance with the provisions of the Companies Act it is proposed that they may be re-appointed auditors to the company for the ensuing year.

**Small company rules**

Advantage has been taken in the preparation of this report of the special exemptions applicable to small companies.

By order of the Board



**E N Twena**

**Secretary**

24 March 1998

## REPORT OF THE AUDITORS

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### Auditors' Report to the members of Wolfe Securities Limited

We have audited the financial statements on pages 3 to 8 which have been prepared under the historical cost convention and the accounting policies set out on page 5.

### Respective responsibilities of directors and auditors

As described on page 1, the company's directors are 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 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 March 1997 and of its loss for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.



REVILL PEARCE

Chartered Accountants and Registered Auditors  
58 Queen Anne Street  
LONDON W1M 9LA

24 March 1998

**PROFIT AND LOSS ACCOUNT FOR  
THE YEAR ENDED 31 MARCH 1997**

	Notes	1997 £	1996 £
<b>Turnover</b>	1 & 2	911,292	903,350
<b>Gross profits</b>			
Profit on share dealing		89,063	125,015
Profit on moneylending		68,375	56,157
Profit on insurance brokerage		36,947	-
		194,385	181,172
<b>Other operating income</b>		42,616	42,354
		237,001	223,526
Net operating expenses		153,476	50,474
<b>Profit on ordinary activities before interest</b>	3	83,525	173,052
Interest payable and similar charges		100,591	126,868
<b>(Loss) Profit on ordinary activities before taxation</b>		(17,066)	46,184
Taxation	5	5,449	14,576
<b>Retained (loss) profit for the year</b>	12	(22,515)	31,608

There are no recognised gains and losses in the year other than the profit for the year.

All figures are in respect of continuing operations.

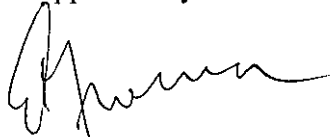
The notes on pages 5 to 8 form part of these financial statements

**BALANCE SHEET as at 31 MARCH 1997**

	Notes	1997 £	1996 £
<b>Fixed Assets</b>			
Tangible Assets	6	6,477	561
<b>Current Assets</b>			
Cash at bank		10,265	-
Stock	7	1,198,061	860,826
Debtors	8	261,701	160,729
Long term debtors	8	981,639	506,986
		<u>2,451,666</u>	<u>1,528,541</u>
<b>Creditors: Amounts falling due within one year</b>	9	<u>1,046,928</u>	<u>882,870</u>
<b>Net Current Assets</b>		<u>1,404,738</u>	<u>645,671</u>
<b>Total Assets Less Current Liabilities</b>		<u>1,411,215</u>	<u>646,232</u>
<b>Creditors: Amounts falling due after more than one year</b>	10	<u>500,000</u>	<u>712,500</u>
		<u>£ 911,215</u>	<u>£ (66,268)</u>
<b>Capital and Reserves</b>			
Called up share capital	12	1,000,000	2
Profit and loss account	12	(88,785)	(66,270)
		<u>£ 911,215</u>	<u>£ (66,268)</u>

In preparing these financial statements, we have relied on sections 246 and 247 of the Companies Act 198 as enabling us to take advantage of the special exemptions applicable to small companies.

Approved by the Board on 24 March 1998



E N Twena  
Director

## 1. Accounting policies

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Turnover represents the proceeds of sale of properties and shares, together with interest received from its money lending operations.

Deferred taxation is provided for under the liability method in respect of the taxation effects of all timing differences which are expected to reverse in the future, calculated at the rate at which it is estimated that tax will be payable.

Quoted shares held for dealing are stated at the lower of cost and net realisable value.

Depreciation is provided at rates estimated to write off the cost less estimated residual value, of each asset over its expected useful life as follows:

20% p. a. straight line

	1997		1996	
	Turnover	Gross Profit	Turnover	Gross Profit
	£	£	£	£
Share dealing	805,970	89,063	847,193	125,015
Property trading	0	0	0	0
Moneylending	68,375	68,375	56,157	56,157
Insurance brokerage	36,947	36,947	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	911,292	194,385	903,350	181,172

All figures are in respect of UK operations.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 1997**
**3. Operating profit**

The operating profit is stated after charging:

	1997 £	1996 £
Auditors' remuneration	1,936	1,660
Depreciation	2,142	140
Equipment Hire	921	-

**4. Directors' emoluments**

Emoluments for services as directors	87,242	28,700
Social security costs	8,669	2,804
	<u>95,911</u>	<u>31,504</u>

**5. Taxation**

Tax credits received	5,408	6,386
Foreign Tax deducted on dividend	41	-
Adjustment in respect of prior years	-	8,190
	<u>5,449</u>	<u>14,576</u>

**6. Tangible Assets**

	Motor Vehicle	Office Equipment	TOTAL
<i>Cost</i>			
At 1 April 1996	-	1,470	1,470
Additions for the year	7,800	258	8,058
At 31 March 1997	<u>7,800</u>	<u>1,728</u>	<u>9,528</u>
<i>Depreciation</i>			
At 1 April 1996	-	909	909
Charge for the year	1,950	192	2,142
At 31 March 1997	<u>1,950</u>	<u>1,101</u>	<u>3,051</u>
<i>Net book value</i>			
At 31 March 1997	<u>5,850</u>	<u>627</u>	<u>6,477</u>
At 31 March 1996	<u>0</u>	<u>561</u>	<u>561</u>



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 1997**

<b>7. Stock</b>	<b>1997 £</b>	<b>1996 £</b>
Quoted securities	129,721	575,444
Property held for dealing	1,068,340	285,382
	<u>1,198,061</u>	<u>860,826</u>
<b>8. Debtors</b>		
<b>Due within one year:</b>		
Corporation tax	3,600	-
Commercial Loans	186,578	30,000
Other Debtors	71,523	130,729
	<u>261,701</u>	<u>160,729</u>
<b>Due after more than one year:</b>		
Commercial loans	<u>981,639</u>	<u>506,986</u>
<b>9. Creditors: amounts falling due within one year</b>		
Bank loans and overdrafts (Note 11)	212,500	447,502
Other creditors	834,428	435,368
	<u>1,046,928</u>	<u>882,870</u>
<b>10. Creditors: amounts falling due after more than one year</b>		
Bank Loan	-	212,500
Loan	500,000	500,000
	<u>500,000</u>	<u>712,500</u>

The bank loan has been repaid in full since the balance sheet date. Interest on the loan was payable at 1.365% above LIBOR.

The bank loan was secured on trading property and by assets provided by the shareholder.

The loan is repayable on demand after the giving of notice of one year and one day. Notice has not been given. Interest is payable at the rate of 1.5% over the base rate of the company's bankers.

**11. Bank Loans and Overdrafts**

The aggregate amount of bank loans and overdrafts was as follows:

Bank overdraft	-	447,502
Bank loan	212,500	212,500
	<u>212,500</u>	<u>660,002</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 1997**

**12. Shareholders Funds**

	Called up share capital £	Profit and loss account £	Total £
Balance at 1 April 1996	2	(66,270)	(66,268)
Issue of new ordinary shares	999,998	-	999,998
Profit retained for the period	-	(22,515)	(22,515)
Balance at 31 March 1997	<u>1,000,000</u>	<u>(88,785)</u>	<u>911,215</u>

The share capital comprises:

	<b>1997</b>	<b>1996</b>
Authorised		
1,000,000 ordinary shares of £1 each	<u>1,000,000</u>	<u>100</u>
Called up, allotted and fully paid:		
1,000,000 ordinary shares of £1 each	<u>1,000,000</u>	<u>2</u>

On 3 October 1996, the company issued a further 999,998 ordinary shares of £1 each at par.

**13. Contingent Liabilities**

The accounts include the company's share of the liabilities of a joint venture with Sandlease Limited. The company is contingently liable to meet the share of Sandlease Limited which at 31 March 1997 amounted to £214,916, (1996: £214,876) including £212,500 (1996: £212,500) in respect of a secured bank loan which the company has guaranteed and which has since been repaid.

**14. Related Party Transactions**

The company is controlled by the Trustees of the Manny Davidson Discretionary Trust.

The Trustees of the Manny Davidson Discretionary Trust have loaned £500,000 to the company on terms set out in Note 10. They have also loaned further working capital of £775,619 (1996: £385,682), which carries interest at the same rate but which is repayable on demand. The maximum balance during the year was £775,619 at the year-end.

The company recovered costs totalling £40,018 (1996: £NIL) from Wolfe Property Services Ltd, a company under common control.