

**STEMCOR TRADE FINANCE**

**Directors' Report and Financial Statements**

**31st December 2001**



A member of the Stemcor Holdings Group

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## **STEMCOR TRADE FINANCE**

### **Report and Financial Statements – 31st December 2001**

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**Company Information**

Directors	C.H. Heritage K.J. Knees R.D. Oppenheimer D.J. Paul D.M. Percival
Secretary	R.J.A Smith
Registered Office	Level 27 City Point 1 Ropemaker Street London EC2Y 9ST
Registered Number	1947996
Auditors	Deloitte & Touche Hill House 1 Little New Street London EC4A 3TR.

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**Report of the Directors for the year ended 31st December 2001****Accounts**

The directors present their report and financial statements for the year ended 31st December 2001.

**Principal Activities**

The principal activity of the company continued to be the provision of offset and countertrade consultancy services.

In addition, the company offers banking and structured trade finance services to the Stemcor Group of Companies.

The company is continuing to develop a service offering project finance consultancy, which it is hoped will develop into a core activity in due course.

The results for the year and the financial position at year end were considered satisfactory by the directors who expect continued growth in the foreseeable future.

**Financial Results**

The results for the year are set out on page 5.

**Dividend**

The directors do not recommend payment of a dividend for the year under review.

**Directors**

The following directors have held office since 1 January 2001:

C.H. Heritage  
K.J. Knees  
R.D. Oppenheimer  
D.J. Paul  
D.M. Percival

**Directors' Interests**

The directors have no beneficial interest in the shares of the company which is a wholly owned subsidiary of Stemcor Holdings Limited, incorporated in Great Britain and registered in England and Wales. The directors' interests in the shares of Stemcor Holdings Limited are recorded in the financial statements of that company, other than the interests of D.M. Percival, who is the holder of 2,400 Ordinary Shares.

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**Tax Status**

The company was a close company within the provisions of the Income and Corporation Taxes Act 1988 and this position has not changed since the end of the financial year.

**Directors' Responsibilities**

United Kingdom 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 as at the end of the financial year and of the profit or loss for that period. In preparing those financial statements the directors are required to:

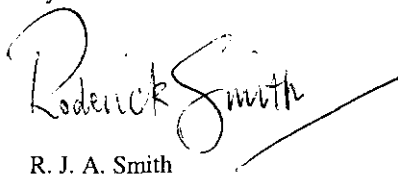
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to 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 enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection for fraud and other irregularities.

**Auditors**

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Deloitte & Touche be appointed as auditors will be put to the Annual General Meeting.

By Order of the Board



R. J. A. Smith

Secretary

Level 27 City Point

1 Ropemaker Street

London EC2Y 9ST

2nd MAY 2002

**Independent Auditors' Report to the members of Stemcor Trade Finance**

We have audited the financial statements of Stemcor Trade Finance Limited for the year ended 31<sup>st</sup> December 2001 which comprise the profit and loss account, the balance sheet and the related notes 1 to 16. These financial statements have been prepared under the accounting policies set out therein.

**Respective responsibilities of directors and auditors**

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 1985. We also report 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.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

**Basis of audit opinion**

We conducted our audit in accordance with United Kingdom 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<sup>st</sup> December 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte & Touche*

**Deloitte and Touche**  
Chartered Accountants and  
Registered Auditors  
Hill House  
1 Little New Street  
London EC4A 3TR

*2 May* 2002

**Profit and Loss Account for the year ended 31st December 2001.**

	Notes	2001	2000 As restated
		£	£
<b>Turnover</b>	2	<b>1,155,237</b>	1,425,257
Cost of sales		(562,226)	(713,657)
<b>Gross profit</b>		<b>593,011</b>	711,600
Administrative expenses		(634,029)	(629,408)
Other operating income		152,000	162,695
<b>Operating profit</b>	3	<b>110,982</b>	244,887
Other interest receivable and similar income	4	7,452	395
<b>Profit on ordinary activities before taxation</b>		<b>118,434</b>	245,282
Tax on profit on ordinary activities	5	(31,938)	(74,853)
<b>Profit on ordinary activities after taxation</b>		<b>86,496</b>	170,429

The results above are derived solely from continuing operations.

The company has no recognised gains or losses for this or the prior year other than the results disclosed above.

**Balance Sheet as at 31st December 2001**

	Notes	2001	2000
		£	£
<b>Fixed assets</b>			
Investments	6	8,681	-
<b>Current assets</b>			
Debtors	7	249,949	862,660
Cash at bank and in hand		592,871	3,016
		842,820	865,676
<b>Creditors: amounts falling due within one year</b>	8	(344,480)	(445,153)
<b>Total assets less current liabilities</b>		507,021	420,523
<b>Capital and reserves</b>			
Called up share capital	10	2	2
Profit and loss account		507,019	420,521
<b>Equity shareholders' funds</b>		507,021	420,523

These accounts were approved by the Board of directors on 21st May 2002 and signed on its behalf by:

  
C.H. Heritage Director

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## **1      Accounting Policies**

### **1.1      Basis of accounting**

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 1985 and applicable UK accounting standards.

The company has taken advantage of the exemption in Financial Reporting Standard No.1 (Revised) from the requirement to produce a cashflow statement on the grounds that it is a wholly owned subsidiary undertaking.

### **1.2      Turnover**

Turnover represents net amounts receivable for services provided.

### **1.3      Pensions**

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge represents contributions payable by the company to the scheme.

### **1.4      Foreign currencies**

Transactions in foreign currencies are recorded using the rates of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in currencies other than pounds sterling are translated at the effective rates of exchange ruling at 31 December, and gains or losses on translation are included in the profit and loss account

### **1.5      Investments in subsidiaries**

The company values its investments in subsidiaries at cost less provisions for impairment.

### **1.5      Group accounts**

Stemcor Trade Finance Ltd does not prepare group accounts, as it is a subsidiary of Stemcor Holdings Ltd who produces group accounts.

**Notes to the accounts (continued)****2      Turnover**

Geographical market	Turnover	
	2001	2000
	£	£
United Kingdom	522,794	524,693
Rest of Europe	486,535	661,516
Rest of the World	145,908	249,048
	<u>1,155,237</u>	<u>1,435,257</u>

Full segmental information has not been disclosed above as permitted by Statement of Standard Accounting Practice No.25: Segmental reporting. In the opinion of the directors, such disclosure would be commercially sensitive.

**3      Operating profit**

	2001	2000
	£	£
Operating profit is stated after charging:		
Auditors' remuneration – non audit services	-	450
Auditors' remuneration	5,015	2,000

Other operating income amounting to £152,000 (2000: £162,695) relates to group management charges receivable.

**4      Other interest receivable and similar income**

	2001	2000
	£	£
Bank Interest	<u>7,452</u>	<u>395</u>

**5      Taxation**

	2001	2000
	£	£
<b>U.K. current year taxation</b>		
U.K. corporation tax at 30% (1999-30.25%)	35,530	74,860
<b>Prior years</b>		
U.K. corporation tax	<u>(3,592)</u>	<u>(7)</u>
	<u>31,938</u>	<u>74,853</u>

Notes to the accounts (continued)**6 Fixed asset investments**

	Subsidiary Undertakings £
At 1 January 2001	-
Additions	<u>8,681</u>
At 31 December 2001	<u>8,681</u>

On 27 February 2001, Stemcor Trade Finance Limited acquired 100% of the share capital of Stemcor Trade Finance GmbH. This company is incorporated in Germany and is dormant.

**7 Debtors**

	2001	2000
	£	£
Trade debtors	160,690	727,246
Amounts owed by fellow subsidiary undertakings	89,259	95,250
Prepayments	-	40,164
	<u>249,949</u>	<u>862,660</u>

**8 Creditors: amounts falling due within one year**

	2001	2000
	£	£
Trade creditors	42,141	56,076
Amounts owed to fellow subsidiary undertakings	119,084	131,285
Corporation tax	110,391	137,882
Accruals	<u>72,864</u>	<u>119,910</u>
	<u>344,480</u>	<u>445,153</u>

**9 Pension Costs**

The pension cost charge represents contributions paid by the company to the money purchase scheme and amounted to £33,306 (2000: £26,172).

**Notes to the accounts (continued)****10      Share Capital**

	2001	2000
	£	£
<b>Authorised</b>		
100 Ordinary shares of £1 each	100	100
<b>Allotted, called up and fully paid</b>		
2 Ordinary Shares of £1 each	2	2

**11      Statements of movements on profit and loss account**

	Profit and loss account £
Balance at 1 January 2001	420,521
Retained profit for the year	118,425
Balance at 31 December 2001	538,946

**12      Reconciliation of movements in shareholders' funds**

	2001	2000
	£	£
Profit for the financial year	86,496	170,429
Opening shareholders' funds	420,523	250,094
Closing shareholders' funds	507,019	420,523

**13      Directors' emoluments**

	2001	2000
	£	£
Emoluments for qualifying services	364,981	315,715
Company pension contributions to money purchase schemes.	21,616	15,784
	386,597	331,499

**Notes to the accounts (continued)****13      Directors' emoluments (continued)**

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 3 (2000-2).

Emoluments disclosed above include the following amounts paid to the highest paid director:

Emoluments for qualifying services	217,661	229,072
Company Pension contributions to money purchase schemes	14,000	11,500

R.D. Oppenheimer and D.J. Paul received no emoluments for services to Stemcor Trade Finance Limited during 2001. Their emoluments were borne by another Stemcor Group company.

**14      Employees****Number of employees**

The average monthly number of employees (including directors) during the year was:

	2001 Number	2000 Number
Directors	5	5
Sales and administration	6	6
	11	11

**Employment Costs**

	£	£
Wages and salaries	524,085	511,002
Social security costs	58,901	56,701
Other pension costs	33,306	26,172
	616,292	593,875

**15      Control**

The ultimate holding company is Stemcor Holdings Limited which is incorporated in Great Britain and registered in England and Wales. The largest and smallest group which consolidates the company's accounts is Stemcor Holdings Limited.

Copies of the ultimate holding company's accounts can be obtained from:

Companies House, Crown Way, Cardiff, CF4 3UZ.

**16      Related party transactions**

On 17<sup>th</sup> February 2001 the company acquired 100% of the share capital of a company wholly owned by Jochen Knees, a director of Stemcor Trade Finance Limited. Details of this acquisition are given in Note 6. The company has taken advantage of the exemption in FRS 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company.