

Edsaco Finance Limited

Financial Statements

As at 31st December 1996



Ref EDF-96

Registered Office
Sceptre House
169/173 Regent Street
London W1R 7FB

Company Number
2112180

Company Number 2112180

Edsaco Finance Limited

Directors' Report

The directors submit their report and the audited financial statements for the year ended 31st December 1996.

Principal activities

The principal activities of the company are the financing and provision of credit and guarantee facilities to individuals and companies.

State of affairs and future developments

The state of the company's affairs is as set out on page 5 of the accounts. The directors expect that the present level of activity will be sustained in the foreseeable future.

Directors

The directors at the date of this report or who served during the year were:

M Denton
D F Lavin
R Hodges
C G Malet de Carteret
D P Capelen (resigned 01.07.96)
A Sai

The directors had no interest in the share capital of the company during the year or at the balance sheet date.

Directors' responsibilities

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 and of the profit or loss of the company 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, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

Edsaco Finance Limited

Directors' Report

Directors' responsibilities (continued)

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

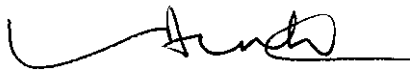
The company's result for the year was a profit after taxation of £231,764 (1995 - £256,379).

The directors do not recommend the payment of a dividend (1995 - nil) and the profit will be added to reserves.

Auditors

Price Waterhouse have expressed their willingness to continue in office and a resolution proposing their re-appointment will be presented at the Annual General Meeting.

On behalf of the board



.....
M Denton
Director

1st July 1997.....

Date

Edsaco Finance Limited

Report of the auditors to the members

We have audited the financial statements on pages 4 to 10, which have been prepared under the historical cost convention and the accounting policies set out in note 1.

Respective responsibilities of directors and auditors

As described on pages 1 and 2, 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 affairs of the company as at 31st December 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

Price Waterhouse
Registered Auditors &
Chartered Accountants
Southwark Towers
32 London Bridge Street
London SE1 9SY

Date: 1st July 1997

Edsaco Finance Limited

Profit and loss account

For the year ended 31st December 1996

	Notes	1996 £	1995 £
Interest receivable and similar income	2	2,040,235	1,780,545
Interest payable and similar charges		(1,687,537)	(1,383,135)
Net interest income		352,698	397,410
Administrative expenses		(6,782)	(14,754)
Profit on ordinary activities before taxation	2,3	345,916	382,656
Tax on profit on ordinary activities	5	(114,152)	(126,277)
Profit for the year		231,764	256,379
Balance brought forward		1,070,481	814,102
Balance carried forward		£ 1,302,245	£ 1,070,481

Continuing operations

None of the company's activities were acquired or discontinued during the above two financial years.

Total recognised gains and losses

The company has no recognised gains or losses other than the profit or loss for the above two financial years.

The notes on pages 6 to 10 form an integral part of these financial statements. .


Edsaco Finance Limited

Balance Sheet

As at 31st December 1996

	Notes	1996 £	1995 £
Current assets			
Investments	6	3,071,597	1,809,985
Debtors: amounts falling due within one year	7	14,126,534	7,289,858
Debtors: amounts falling due after more than one year	8	11,105,997	16,673,473
Cash at bank and in hand		1,958,620	403,384
		-----	-----
		30,262,748	26,176,700
Creditors: Amounts falling due within one year	9	(17,120,306)	(6,818,727)
		-----	-----
Net current assets		13,142,442	19,357,973
Creditors: Amounts falling due after more than one year	10	(11,690,197)	(18,137,492)
		-----	-----
		£ 1,452,245	£ 1,220,481
		=====	=====
Capital and reserves			
Called up share capital	11	150,000	150,000
Profit and loss account		1,302,245	1,070,481
		-----	-----
Shareholders' Funds	12	£1,452,245	£ 1,220,481
		=====	=====

**The financial statement were
approved by the board on 1st July 1997**


.....
A Sai
Director

The notes on pages 6 to 10 form an integral part of these financial statements.

Edsaco Finance Limited

Notes to the financial statements

As at 31st December 1996

1. **Accounting Policies**

Accounting Convention

The financial statements are prepared under the historical cost convention and in accordance with applicable Accounting Standards.

The company has taken advantage of the exemption in Financial Reporting Standard No.1 from producing a cash flow statement since a consolidated cashflow statement is included in the accounts of the company's parent company, Edsaco Holdings (UK) Limited.

Interest receivable and similar income

This represents interest, facility fees and guarantee fees earned during the year.

Deferred Income

Annual fees are billed in advance and time apportioned to the respective accounting periods. Fees billed but not yet earned are recorded as deferred income.

Deferred Taxation

Deferred taxation is provided in respect of timing differences at the appropriate rate of taxation where there is a reasonable probability that such taxation will become payable in the foreseeable future.

Foreign Currencies

The company's accounting records are maintained in Pounds Sterling.

Transactions in other currencies are converted at the rate ruling at the date of the transaction. Current assets and liabilities are converted at the rate of exchange ruling at the balance sheet date. Any gains or losses resulting from the conversion are taken to the profit and loss account.

Current Asset Investments

Current asset investments are stated at cost, provision being made for any permanent diminution in value.

Edsaco Finance Limited

Notes to the financial statements

As at 31st December 1996

2. Geographical analysis

The geographical origin of turnover and profit before tax is as follows:-

	Turnover		Profit before tax	
	1996	1995	1996	1995
	£	£	£	£
United Kingdom	659,547	536,308	311,343	315,412
Rest of Europe	643,461	767,844	8,657	46,075
United States of America	649,359	475,749	21,748	20,687
Rest of the World	87,868	644	4,168	482
	£ 2,040,235	1,780,545	345,916	382,656

3. Profit before taxation

	1996	1995
	£	£
Profit before taxation is stated after charging/(crediting):		
Auditors' remuneration	4,000	4,200
Exchange (gains)/losses	28,791	(16,051)

4. Directors and employees

The directors were the only employees during the year. The directors received no emoluments from, or in respect of their services to, the company during the year (1995 -nil).

5. Taxation

Corporation tax has been provided on the company's taxable profit at the rate of 33% (1995 - 33%). The charge comprises:

	1996	1995
	£	£
Current year charge	£ 114,152	£ 126,277

There is no material unprovided liability for deferred taxation at 31st December 1996 (1995 - Nil).

Edsaco Finance Limited

Notes to the financial statements

As at 31st December 1996

6. Current asset investments

	1996	1995
	£	£
Unlisted investments at cost	<u>£3,071,597</u>	<u>£1,809,985</u>

In the opinion of the directors, the market value of unlisted investments is not less than cost.

7. Debtors

	1996	1995
	£	£
Trade debtors - loans receivable within one year (see note 10)	12,889,080	6,451,478
Trade debtors - other	70,536	63,649
Amounts owed by group undertaking	258,650	-
Withholding tax recoverable	69,437	13,801
Other debtors	14,871	-
Prepayments and accrued income	823,960	760,930
	<u>£ 14,126,534</u>	<u>£ 7,289,858</u>

Loans receivable include £10,000 (1995 - £17,979) due from Mr M Denton and £Nil (1995 - £100,427) due from Mr A Sai, both of whom are directors of the company. The maximum balances during the year were £17,979 and £100,427 respectively. In addition, Mr. D Lavin was granted a loan for £250,000 during the year. This loan was repaid during the year and the maximum outstanding balance was £267,113. The loans were made in the ordinary course of the company's business and on terms no more favourable than those given by the company to employees of the Edsaco Holdings (UK) Limited group.

8. Debtors: Amounts falling due after more than one year

	1996	1995
	£	£
Trade debtors - loans receivable (see note 10)	<u>£11,105,997</u>	<u>£16,673,473</u>

Loans are receivable between two and five years.

Edsaco Finance Limited

Notes to the financial statements

As at 31st December 1996

9. **Creditors:** Amounts falling due within one year

	1996 £	1995 £
Bank overdrafts	24	1,103,961
Trade creditors - bank loans payable (see note 10)	13,276,980	4,902,003
Trade creditors - other loans payable (see note 10)	2,012,279	-
Amounts owed to group undertakings	968,178	62,211
Corporation tax	114,152	126,277
Accruals and deferred income	748,693	624,275
	-----	-----
	£ 17,120,306	£ 6,818,727
	=====	=====

10. **Creditors:** Amounts falling due after more
than one year

	1996 £	1995 £
Bank loans	10,640,881	16,337,507
Other loans	1,049,316	1,799,985
	-----	-----
	£11,690,197	£18,137,492
	=====	=====

Bank loans are repayable otherwise than by instalments between two and five years at various rates of interest. Bank loans above and in note 9 are secured by charges over the loans included in notes 7 and 8.

11. **Called up share capital**

The authorised share capital of the Company comprises 1,000,000 shares of £1 each, of which 150,000 have been allotted, issued and fully paid up (1995 - £150,000).

12. **Reconciliation of movement on shareholders' funds**

	1996 £	1995 £
Increase in shareholders' funds - profit for the financial year after taxation	231,764	256,379
Opening shareholders' funds	1,220,481	964,102
	-----	-----
Closing shareholders' funds	£1,452,245	£1,220,481
	=====	=====

Edsaco Finance Limited

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13. Capital commitments

There were no capital commitments at the balance sheet date (1995 - Nil).

14. Contingent liabilities

There were no contingent liabilities at the balance sheet date (1995 - Nil).

15. Related party transactions

The company has taken advantage of the exemption under FRS8 not to disclose inter-group related party transactions.

16. Parent companies

Edsaco Holdings (UK) Limited, a company registered in England and Wales, is the parent undertaking of the smallest group to consolidate the accounts of the company.

Union Bank of Switzerland, a company incorporated in Switzerland, is the parent undertaking of the largest group to consolidate these accounts. Union Bank of Switzerland is the ultimate parent company.

Copies of the accounts of both companies can be obtained from Sceptre House, 169/173 Regent Street, London W1R 7FB.