

AAF Consultants Limited

Accounts for the year ended 30 June 2000
together with directors' and auditors' reports

Registered number: 2341764



Directors' report

For the year ended 30 June 2000

The directors present their report on the affairs of the company together with the accounts and auditors' report for the year ended 30 June 2000.

Principal activity

The principal activity of the company is the provision of financial consultancy services.

Results and dividends

The loss for the year was £345,063 (1999 - £9,741). The directors do not recommend the payment of a dividend (1999 - there were no distributable reserves).

Directors and directors' interests

The directors who held office during the year and changes up to the date of this report were as follows:

E. de Sa	(appointed 2 May 2000)
S. Edmund	(resigned 1 February 2000)
A.L. Walker	
R. Krumholetski	(resigned 2 May 2000)

There are no interests required to be disclosed under section 234 of the Companies Act 1985.

Auditors

The company has passed a resolution under Section 386 of the Companies Act 1985 to dispense with the appointment of its auditors annually.

Catwick Lane
Brandesburton
Driffeld
East Yorkshire
YO25 8RW

By order of the Board



A.L. Walker
Director

28 November 2000

Directors' responsibilities

Company law requires the directors to prepare accounts for each financial period 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 accounts, 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 accounts; and
- prepare the accounts 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 accounts 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.

To the Shareholders of AAF Consultants Limited:

We have audited the accounts on pages 4 to 12 which have been prepared under the historical cost convention and the accounting policies set out on pages 6 and 7.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the circumstances of the company, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the affairs of the company at 30 June 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen
Chartered Accountants and Registered Auditors

1 City Square
Leeds
LS1 2AL

28 November 2000

Profit and loss account

For the year ended 30 June 2000

	Notes	2000 £	1999 £
Turnover	1	750,000	750,000
Administrative expenses		(943,583)	(679,038)
Operating (loss) profit		(193,583)	70,962
Interest payable and similar charges	2	(151,481)	(80,703)
Loss on ordinary activities before and after taxation	3,13	<u>(345,064)</u>	<u>(9,741)</u>

All results arise from continuing activities.

No statement of total recognised gains and losses has been presented as there have been no recognised gains or losses other than the loss for the financial years.

The accompanying notes are an integral part of this profit and loss account.

Balance sheet

30 June 2000

	Notes	2000 £	1999 £
Fixed assets			
Tangible assets	7	677,122	401,443
Current assets			
Debtors	8	2,604,685	2,455,768
Creditors: Amounts falling due within one year	9	(3,523,386)	(2,625,412)
Net current liabilities		(918,701)	(169,644)
Total assets less current liabilities		(241,579)	231,799
Creditors: Amounts falling due after more than one year	10	(130,701)	(259,015)
Net liabilities		(372,280)	(27,216)
Capital and reserves			
Called-up share capital	12	35,353	35,353
Profit and loss account	13	(407,633)	(62,569)
Equity shareholders' funds	14	(372,280)	(27,216)

The accounts on pages 4 to 12 were approved by the board of directors on 28 November 2000 and signed on its behalf by:



A.L. Walker

Director

The accompanying notes are an integral part of this balance sheet.

Statement of accounting policies

30 June 2000

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and the preceding year is set out below.

Basis of preparation

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

The company is exempt from the requirement of Financial Reporting Standard No. 1 (Revised) to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of AAF Industries Limited, and its cash flows are included within the consolidated cash flow statement of that company.

Going concern

The accounts have been prepared on a going concern basis which is dependent on the company's holding company, AAF Industries Limited, continuing to provide financial support. AAF Industries Limited has confirmed that the necessary support will continue to be given to enable the company to trade for the foreseeable future and to meet its liabilities as they fall due.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, net of depreciation. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight line or reducing balance basis over its estimated useful economic life as follows:

Leasehold land and buildings	50 years straight line
Fixtures and fittings	5 years straight line
Motor vehicles	25% reducing balance
Computer equipment	3 years straight line

Pension costs

The company contributes to certain employees' personal pension schemes. The amounts charged to the profit and loss account represent the contributions payable to these schemes in respect of the accounting period.

Taxation

Corporation tax payable is provided on taxable profits at the current rate.

Deferred taxation is provided using the liability method on all timing differences only to the extent that they are expected to reverse in the future without being replaced, except that the deferred tax effects of timing differences arising from pensions and other post retirement benefits are always recognised in full.

Turnover

Turnover represents fee income receivable (net of value added tax) in respect of consultancy services provided during the year.

Statement of accounting policies (continued)

Leases

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

Notes to accounts

30 June 2000

1 Turnover

All turnover originates in the United Kingdom and is derived from one class of business, namely the provision of financial consultancy services.

2 Interest payable and similar charges

	2000 £	1999 £
On bank loans and overdrafts	104,443	60,673
On other loans	47,038	20,030
	<u>151,481</u>	<u>80,703</u>

3 (Loss) profit on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging:

	2000 £	1999 £
Auditors' remuneration		
- audit fees	1,425	2,000
Depreciation		
- owned assets	56,748	45,339
- assets held under finance leases and hire purchase contracts	19,336	-
	<u>77,509</u>	<u>47,339</u>

4 Staff costs

The average monthly number of persons employed by the company (including directors) during the year was as follows:

	2000 Number	1999 Number
Consultancy	<u>10</u>	<u>7</u>

The aggregate staff costs of these persons were as follows:

	2000 £	1999 £
Wages and salaries	377,300	433,005
Social security costs	62,381	43,647
Other pension costs	20,467	1,657
	<u>460,148</u>	<u>478,309</u>

Notes to accounts (continued)

5 Directors' remuneration

Remuneration

The remuneration of the directors was as follows:

	2000 £	1999 £
Emoluments	180,935	231,000
Company contributions to money purchase pension schemes	16,648	27,400
	<u>197,583</u>	<u>258,400</u>

Pensions

The number of directors who were members of pension schemes was as follows:

	2000 Number	1999 Number
Money purchase schemes	<u>2</u>	<u>1</u>

Highest paid director

The above amounts for remuneration include the following in respect of the highest paid director:

	2000 £	1999 £
Emoluments	143,629	137,000
Company contributions to money purchase pension schemes	14,248	13,700
	<u>157,877</u>	<u>150,700</u>

6 Tax on result on ordinary activities

There is no tax credit due to the losses being surrendered to group companies without consideration being paid.

Notes to accounts (continued)

7 Tangible fixed assets

	Long leasehold property £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
Cost					
At 30 June 1999	26,317	10,019	16,275	494,164	546,775
Additions	-	-	2,357	349,897	352,254
Disposals	-	(10,019)	-	(680)	(10,699)
At 30 June 2000	26,317	-	18,632	843,381	888,330
Depreciation					
At 30 June 1999	26,317	10,019	6,704	102,292	145,332
Charge for period	-	-	4,019	72,065	76,084
Disposals	-	(10,019)	-	(189)	(10,208)
At 30 June 2000	26,317	-	10,723	174,168	211,208
Net book value					
At 30 June 2000	-	-	7,909	669,213	677,122
At 30 June 1999	-	-	9,571	391,872	401,443

Included in the total net book value, £308,985 (1999 – £328,321) represents assets held under finance leases.

8 Debtors

	2000 £	1999 £
Amounts falling due within one year:		
Amounts owed by group undertakings	2,570,480	2,321,139
Value added tax	33,154	34,289
Other debtors	236	72,905
Prepayments and accrued income	815	27,435
	2,604,685	2,455,768

Notes to accounts (continued)

9 Creditors: Amounts falling due within one year

	2000 £	1999 £
Obligations under finance leases and hire purchase contracts	121,270	129,508
Bank overdraft (secured)	1,995,970	1,121,552
Trade creditors	92,143	151,702
Amounts owed to group undertakings	1,229,008	1,100,635
Other taxes and social security	16,727	14,453
Other creditors	549	-
Accruals and deferred income	67,719	107,562
	<u>3,523,386</u>	<u>2,625,412</u>

The bank overdraft is secured by a fixed and floating charge over the assets of the company.

The amounts due to group undertakings comprise interest free working capital advances. AAF Industries Limited has confirmed that the necessary financial support will continue to be given to enable the company to continue to trade.

10 Creditors: Amounts falling due after more than one year

	2000 £	1999 £
Obligations under finance leases and hire purchase contracts	<u>130,701</u>	<u>259,015</u>
Borrowings are repayable as follows:		
Finance leases:		
- on demand or within 1 year	121,270	129,508
- between 1 and 2 years	130,701	126,846
- between 2 and 5 years	-	132,169
	<u>251,971</u>	<u>388,523</u>

11 Deferred taxation

The company has no potential liability to deferred taxation.

12 Called-up share capital

	2000 £	1999 £
<i>Authorised</i>		
35,353 ordinary shares of £1 each	<u>35,353</u>	<u>35,353</u>
<i>Allotted, called-up and fully-paid</i>		
35,353 ordinary shares of £1 each	<u>35,353</u>	<u>35,353</u>

Notes to accounts (continued)

13 Profit and loss account

The movement during the year was as follows:

	£
At 30 June 1999	(62,569)
Loss for the financial year	(345,064)
At 30 June 2000	(407,633)

14 Reconciliation of movements in equity shareholders' funds

	2000 £	1999 £
Loss for the financial year	(345,064)	(9,741)
Net reduction in equity shareholders' funds	(345,064)	(9,741)
Opening equity shareholders' funds	(27,216)	(17,475)
Closing equity shareholders' funds	(372,280)	(27,216)

15 Guarantees and other financial commitments

The company is party to a cross guarantee arrangement in respect of a group overdraft facility of £4 million (1999 - £3 million) of which £1,719,935 was drawn at 30 June 2000 (1999 - £nil). This facility is secured by a fixed and floating charge over the assets of the company.

16 Post balance sheet events

On 28 November 2000 the company issued 372,280 ordinary £1 shares to AAF Finance Company Limited in consideration of the full settlement of the intercompany creditor balance of £372,280.

17 Ultimate parent undertaking

The ultimate parent undertaking is AAF Industries Limited, which heads the smallest group in which the results of the company are consolidated. The consolidated accounts of this group are available to the public and may be obtained from Catwick Lane, Brandesburton, Driffield, East Yorkshire, YO25 8RW. The largest group in which the results of the company are consolidated is Waco International Limited, a company incorporated in South Africa.

As a subsidiary undertaking of AAF Industries Limited, the company has taken advantage of the exemption in FRS 8 "Related Party Disclosures" not to disclose transactions with other members of the group headed by AAF Industries Limited. There are no other related party transactions requiring disclosure.