

ARTHUR  
ANDERSEN

ARTHUR ANDERSEN & CO. SC

## AAF Consultants Limited

Financial statements 31 December 1995  
together with directors' and auditors' reports

Registered number: 2341764



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## **Directors' report**

For the year ended 31 December 1995

The directors present their report together with the financial statements and auditors' report for the year ended 31 December 1995.

### **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 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.

The directors are responsible for maintaining 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Principal activities and business review**

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

### **Results and dividends**

The results for the year are set out on page 4. The profit for the year of £30,479 (1994 - loss of £184,872) has been transferred to reserves. There are no distributable reserves.

### **Significant changes in fixed assets**

Changes in fixed assets are set out in note 8 to the financial statements.

## Directors' report (continued)

### Directors and directors' interests

The directors who held office during the year were as follows:

H.H. Schlosberg (resigned 2 May 1995)

P.G. Cook

S. Whyatt (appointed 10 January 1995)

No directors who held office at the end of period had disclosable interests.

### Liability insurance for company officers

As permitted by the Companies Act 1985 (as amended) the company maintained liability insurance for its directors as part of a group scheme operated by AAF Industries plc.

### Auditors

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

7 Queen Street  
London  
W1X 8NA

By order of the Board



P.G. Cook

Director

9<sup>th</sup> April 1996

## Auditors' report

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London

To the Shareholders of AAF Consultants Limited:

We have audited the financial statements on pages 4 to 11, which have been prepared under the historical cost convention and the accounting policies set out on page 6.

### Respective responsibilities of directors and auditors

As described on page 1 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 31 December 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Arthur Andersen*

Arthur Andersen  
Chartered Accountants and Registered Auditors

1 Surrey Street  
London  
WC2R 2PS

9<sup>th</sup> April 1996

## Profit and loss account

For the year ended 31 December 1995

	Notes	1995 £	1994 £
<b>Turnover</b>	2	713,018	791,695
Administrative expenses		(655,201)	(918,527)
<b>Operating profit/(loss)</b>		57,817	(126,832)
Interest receivable		1,450	3,910
Interest payable and similar charges	3	(5,288)	(24,261)
<b>Profit/(loss) on ordinary activities before taxation</b>	4	53,979	(147,183)
Tax on profit/(loss) on ordinary activities	7	(23,500)	(37,689)
<b>Profit/(loss) for the financial year</b>		30,479	(184,872)
<b>Retained (loss)/profit brought forward</b>		(120,131)	64,741
<b>Retained loss carried forward</b>		(89,652)	(120,131)

There are no recognised gains or losses other than as shown above. All figures relate to continuing operations and are presented on the historical cost basis.

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

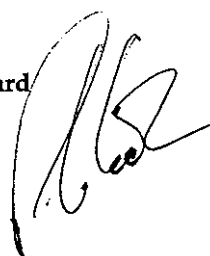
# Balance sheet

31 December 1995

	Notes	1995 £	1994 £
<b>Fixed assets</b>			
Tangible assets	8	71,785	48,269
<b>Current assets</b>			
Debtors	9	12,770,135	12,853,773
Cash at bank and in hand		1,169,501	78,303
		13,939,636	12,932,076
<b>Creditors: Amounts falling due within one year</b>	10	(14,051,073)	(13,050,476)
<b>Net current liabilities</b>		(111,437)	(118,400)
<b>Total assets less current liabilities</b>		(39,652)	(70,131)
<b>Net liabilities</b>		(39,652)	(70,131)
<b>Capital and reserves</b>			
Called-up equity share capital	11	50,000	50,000
Profit and loss account		(89,652)	(120,131)
		(39,652)	(70,131)

Signed on behalf of the Board

P.G. Cook



Director

9<sup>th</sup> April 1996

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

# Notes to financial statements

31 December 1995

## 1 Accounting policies

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.

### *a) Basis of preparation*

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

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

### *b) Going concern*

The financial statements have been prepared on a going concern basis which is dependent on the company's holding company, AAF Industries plc, continuing to provide financial support. AAF Industries plc has confirmed that the necessary support will continue to be given to enable the company to continue to trade.

### *c) Tangible fixed assets and depreciation*

Tangible fixed assets are stated at cost or valuation, net of depreciation and provision for permanent diminution in value. Depreciation is provided on all tangible fixed assets other than leasehold property, at rates calculated to write off the cost or valuation less the estimated residual value of each asset on a straight line or reducing balance basis over their estimated useful economic lives as follows:

Leasehold land and buildings	50 years straight line
Fixtures and fittings	4 years reducing balance
Motor vehicles	4 years reducing balance

### *d) Operating leases*

Expenditure on operating leases is charged to the profit and loss account on a basis representative of the benefit derived from the asset, normally on a straight-line basis over the lease period.

### *e) 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 funds in respect of the accounting period.

### *f) Taxation*

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

### *g) Turnover*

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



## Notes to financial statements (continued)

### 2 Analysis of turnover

	1995 £	1994 £
By geographical market		
Africa	713,018	725,027
Europe	-	66,668
	<u>713,018</u>	<u>791,695</u>

All turnover originates in the United Kingdom.

### 3 Interest payable and similar charges

	1995 £	1994 £
Finance charges payable in respect of finance leases and hire purchase contracts		
On bank loans, overdrafts and other loans wholly repayable over 20 years, by instalments and secured on the leasehold property	977 4,311	119 24,142
	<u>5,288</u>	<u>24,261</u>

### 4 Profit/(loss) on ordinary activities before taxation

Profit/(loss) on ordinary activities before taxation is stated after charging/(crediting):

	1995 £	1994 £
Auditors' remuneration		
- audit fees	13,000	13,600
- other services	17,979	-
Staff costs	272,201	330,191
Depreciation	9,484	34,574
Hire of other assets	6,301	4,341
Redundancy costs	12,500	-
Profit on disposal of fixed assets	<u>(4,376)</u>	<u>-</u>

## Notes to financial statements (continued)

### 5 Staff numbers and costs

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

	1995 Number	1994 Number
Consultancy	<u>8</u>	<u>8</u>

The aggregate payroll costs of these persons were as follows:

	1995 £	1994 £
Wages and salaries	234,329	296,480
Social security costs	26,939	26,873
Other pension costs	10,933	6,838
	<u>272,201</u>	<u>330,191</u>

### 6 Remuneration of directors

	1995 £	1994 £
Directors' emoluments:		
Remuneration for management services	144,044	125,242
Pension contributions	<u>8,800</u>	<u>3,285</u>
	<u>152,844</u>	<u>128,527</u>

Emoluments, including pension contributions, of the highest paid director, were £102,565 (1994 - £70,580).

## Notes to financial statements (continued)

### 6 Remuneration of directors (continued)

The emoluments, excluding pension contributions, of directors (including the highest paid director) were within the following ranges:

	1995 Number	1994 Number
Up to £5,000	1	1
£ 50,001 - £ 55,000	1	-
£ 55,001 - £ 60,000	-	1
£ 70,001 - £ 75,000	-	1
£ 90,001 - £ 95,000	1	-

### 7 Taxation

	1995 £	1994 £
UK Corporation tax at 33% (1994 - 33%)	23,500	-
Adjustment to taxes accrued in respect of prior years	-	37,689
	<u>23,500</u>	<u>37,689</u>

### 8 Tangible fixed assets

	Long leasehold property £	Motor vehicles £	Fixtures and fittings £	Total £
<b>Cost</b>				
At beginning of year	26,317	39,637	69,162	135,116
Additions	-	-	43,368	43,368
Disposals	-	(10,369)	-	(10,369)
At end of year	<u>26,317</u>	<u>29,268</u>	<u>112,530</u>	<u>168,115</u>
<b>Depreciation</b>				
At beginning of year	26,317	13,553	46,977	86,847
Charge for year	-	5,826	5,552	11,378
On disposals	-	(1,895)	-	(1,895)
At end of year	<u>26,317</u>	<u>17,484</u>	<u>52,529</u>	<u>96,330</u>
<b>Net book value</b>				
At 31 December 1995	<u>-</u>	<u>11,784</u>	<u>60,001</u>	<u>71,785</u>

## Notes to financial statements (continued)

### 9 Debtors

	1995 £	1994 £
Amounts owed by other group undertakings	12,659,720	12,759,430
Other debtors	95,623	77,840
Prepayments and accrued income	14,792	16,503
	<u>12,770,135</u>	<u>12,853,773</u>

### 10 Creditors: Amounts falling due within one year

	1995 £	1994 £
Trade creditors	101,651	137,840
Obligations under finance leases and hire purchase contracts	-	1,421
Amounts owed to other group undertakings	13,726,731	12,715,043
Corporation tax	132,190	108,690
Other taxes and social security	18,343	11,233
Other creditors	1,963	2,549
Accruals and deferred income	69,291	73,700
VAT	904	-
	<u>14,051,073</u>	<u>13,050,476</u>

### 11 Called-up equity share capital

	1995 £	1994 £
<i>Authorised</i>		
100,000 ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
<i>Allotted, called-up and fully-paid</i>		
Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

### 12 Commitments

Annual commitments under non-cancellable operating leases are as follows:

	1995 £	1994 £
Land and buildings		
- over five years	<u>116,000</u>	<u>130,000</u>

## Notes to financial statements (continued)

### **13 Ultimate parent company and parent undertaking of larger group of which the company is a member**

The company is a subsidiary undertaking of AAF Industries plc, incorporated in England and Wales, which heads the largest and smallest group in which the results of the company are consolidated. The consolidated financial statements of this group are available to the public and may be obtained from 7 Queen Street, London W1X 8NA.

Approximately 43% of the share capital of AAF Industries plc is indirectly owned by Forward Corporation Limited, a company registered in South Africa.

### **14 Cross company guarantee**

The company is party to a cross guarantee arrangement in respect of a group overdraft facility of £1.6 million, of which some £1 million was drawn at 31 December 1995.