

RMT FINANCIAL MANAGEMENT LIMITED

DIRECTORS REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 1999

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RMT FINANCIAL MANAGEMENT LIMITED

COMPANY INFORMATION

Directors	A A Josephs K Walker
Secretary	R A Blackett
Company number	2895559
Registered office	3 Portland Terrace NEWCASTLE UPON TYNE NE2 1QQ
Auditors	Gardiners, Chartered Accountants 62A Bootham YORK YO30 7WX
Bankers	Barclays Bank plc Barclays Business Centre PO Box 22 Gateshead TYNE & WEAR NE8 1BX

RMT FINANCIAL MANAGEMENT LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MAY 1999

The directors present their report and financial statements for the year ended 31 May 1999.

Principal activities and review of the business

The principal activity of the company continued to be that of investment advisors.

The results for the year and the financial position at the year end were considered satisfactory by the directors.

Results and dividends

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

Directors

The following directors have held office since 1 June 1998:

A A Josephs
K Walker

Directors' interests

The directors' beneficial interests in the shares of the company were as stated below:

A Ordinary shares of £1 each

31 May 1999 1 June 1998

A A Josephs	-	-
K Walker	1,250	1,250

B Ordinary shares of £1 each

31 May 1999 1 June 1998

A A Josephs	-	-
K Walker	-	-

C Ordinary shares of 10p each

31 May 1999 1 June 1998

A A Josephs	-	-
K Walker	10,000	10,000

1,000 "A" Ordinary shares and 4,500 "B" Ordinary shares are issued in the name of A A Josephs. These are held by A A Josephs as a trustee for RMT Accountants and Business Advisors. A A Josephs and others are partners of RMT Accountants and Business Advisors.

Taxation 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.

RMT FINANCIAL MANAGEMENT LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MAY 1999

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Gardiners, Chartered Accountants be reappointed as auditors of the company will be put to the Annual General Meeting.

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;
- 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 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.

Year 2000

As discussed at length in the media, many computers and microchips only recognise dates using the last two digits of the year and will therefore need to be modified or replaced to record the year 2000. Our business depends on a computerised accounting system to prepare the accounts and record transactions. In addition, we could be affected by the systems used by our suppliers and customers. As a result, we could be at risk if other parties do not deal adequately with the Year 2000 issue.

The directors have assessed the risks to our business resulting from the change to the Year 2000. The computer software used by the company is guaranteed to be Year 2000 compliant and so no costs are envisaged in this respect.

It is impossible to guarantee that no Year 2000 problems will remain. However, the directors feel that the company will be able to deal promptly with any failures that may occur.

By order of the board



A A Josephs

Director

17 December 1999

RMT FINANCIAL MANAGEMENT LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS OF RMT FINANCIAL MANAGEMENT LIMITED

We have audited the financial statements on pages 5 to 12 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3 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 May 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**GARDINERS, CHARTERED ACCOUNTANTS
REGISTERED AUDITOR**

YORK

17 DECEMBER 1999

RMT FINANCIAL MANAGEMENT LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MAY 1999

	Notes	1999 £	1998 £
Turnover	2	231,145	159,674
Cost of sales		(18,729)	(21,558)
Gross profit		212,416	138,116
Administrative expenses		(152,905)	(129,377)
Operating profit	3	59,511	8,739
Interest payable and similar charges	4	(804)	(437)
Profit on ordinary activities before taxation		58,707	8,302
Tax on profit on ordinary activities		(756)	-
Profit on ordinary activities after taxation	11	57,951	8,302

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

RMT FINANCIAL MANAGEMENT LIMITED

BALANCE SHEET AS AT 31 MAY 1999

	Notes	1999 £	£	1998 £	£
Fixed assets					
Tangible assets			57,952		17,962
Current assets					
Stocks	5	150		150	
Debtors	6	45,215		20,107	
Cash at bank and in hand		27,072		34,465	
			72,437		54,722
Creditors: amounts falling due within one year	7	(35,835)		(19,167)	
Net current assets			36,602		35,555
Total assets less current liabilities			94,554		53,517
Creditors: amounts falling due after more than one year	8		(89,715)		(106,631)
			4,839		(53,114)
Capital and reserves					
Called up share capital	10	10,000		10,000	
Profit and loss account	11	(5,161)		(63,114)	
Shareholders' funds - equity interests	12		4,839		(53,114)

The financial statements were approved by the Board on 17 December 1999



A A Josephs
Director

RMT FINANCIAL MANAGEMENT LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MAY 1999

	1999 £	1998 £
Net cash inflow from operating activities	43,077	9,956
Returns on investments and servicing of finance		
Interest paid	(804)	(437)
Net cash outflow for returns on investments and servicing of finance	(804)	(437)
Capital expenditure		
Payments to acquire tangible assets	(12,751)	(3,162)
Net cash outflow for capital expenditure	(12,751)	(3,162)
Net cash inflow before management of liquid resources and financing	29,522	6,357
Financing		
Other new long term loans	17,085	49,149
Repayment of other long term loans	(50,000)	-
Capital element of hire purchase contracts	(4,000)	(6,641)
Net cash (outflow)/inflow from financing	(36,915)	42,508
(Decrease)/increase in cash in the year	(7,393)	48,865

RMT FINANCIAL MANAGEMENT LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MAY 1999

1	Reconciliation of operating profit to net cash inflow from operating activities	1999 £	1998 £
	Operating profit	59,511	8,739
	Depreciation of tangible assets	5,262	2,196
	Loss on disposal of tangible assets	-	1,604
	Increase in debtors	(25,108)	(3,652)
	Increase in creditors within one year	3,412	1,069
	Net cash inflow from operating activities	43,077	9,956

2	Analysis of net debt	1 June 1998 £	Cash flow £	Other non-cash changes £	31 May 1999 £
	Net cash:				
	Cash at bank and in hand	34,465	(7,393)		27,072
	Debt:				
	Finance leases	(9,667)	4,000	(32,500)	(38,167)
	Debts falling due after one year	(100,964)	32,916	-	(68,048)
		(110,631)	36,916	(32,500)	(106,215)
	Net debt	(76,166)	29,523	(32,500)	(79,143)

3	Reconciliation of net cash flow to movement in net debt	1999 £	1998 £
	(Decrease)/increase in cash in the year	(7,393)	48,865
	Cash outflow/(inflow) from decrease/(increase) in debt and lease financing	36,916	(42,509)
	Change in net debt resulting from cash flows	29,523	6,356
	New finance lease	(32,500)	(10,000)
	Movement in net debt in the year	(2,977)	(3,644)
	Opening net debt	(76,166)	(72,522)
	Closing net debt	(79,143)	(76,166)

RMT FINANCIAL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 1999

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Compliance with accounting standards

The accounts have been prepared in accordance with applicable accounting standards.

1.3 Turnover

Turnover represents amounts receivable for services provided and proposals submitted net of VAT.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Fixtures, fittings & equipment	20% reducing balance
Motor vehicles	25% reducing balance

1.5 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.6 Stock

Stock is valued at the lower of cost and net realisable value.

1.7 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with SSAP 24.

1.8 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

RMT FINANCIAL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 1999

3	Operating profit	1999	1998
		£	£
	Operating profit is stated after charging:		
	Depreciation of tangible assets	5,262	2,196
	Operating lease rentals	13,551	16,296
	Auditors' remuneration	1,625	1,087
		<u> </u>	<u> </u>
4	Interest payable	1999	1998
		£	£
	On bank loans and overdrafts	218	172
	Hire purchase interest	586	265
		<u> </u>	<u> </u>
		804	437
		<u> </u>	<u> </u>
5	Stocks	1999	1998
		£	£
	Finished goods and goods for resale	150	150
		<u> </u>	<u> </u>
6	Debtors	1999	1998
		£	£
	Trade debtors	45,068	19,966
	Prepayments and accrued income	147	141
		<u> </u>	<u> </u>
		45,215	20,107
		<u> </u>	<u> </u>

RMT FINANCIAL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 1999

7 Creditors: amounts falling due within one year	1999	1998
	£	£
Net obligations under finance lease and hire purchase contracts	16,500	4,000
Trade creditors	6,695	1,504
Corporation tax	756	-
Other taxes and social security costs	2,804	2,919
Accruals and deferred income	9,080	10,744
	<u>35,835</u>	<u>19,167</u>

The bank overdraft is secured by a guarantee given by the partners of RMT Accountants and Business Advisors. The finance leases and hire purchase contracts are secured on the assets concerned.

8 Creditors: amounts falling due after more than one year	1999	1998
	£	£
Other loans	68,048	100,964
Net obligations under finance leases and hire purchase agreements	21,667	5,667
	<u>89,715</u>	<u>106,631</u>

Analysis of loans

Wholly repayable within five years	68,048	100,964
	<u>68,048</u>	<u>100,964</u>

Loan maturity analysis

Between two and five years	68,048	100,964
	<u>68,048</u>	<u>100,964</u>

Net obligations under finance leases and hire purchase contracts

Repayable within one year	18,231	4,586
Repayable between one and five years	24,404	6,498
	<u>42,635</u>	<u>11,084</u>
Finance charges and interest allocated to future accounting periods	(4,468)	(1,417)
	<u>38,167</u>	<u>9,667</u>
Included in liabilities falling due within one year	(16,500)	(4,000)
	<u>21,667</u>	<u>5,667</u>

RMT FINANCIAL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 1999

9 Pension costs

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 cost charge represents contributions payable by the company to the fund and amounted to £5,844 (1998 - £4,214).

10 Share capital	1999 £	1998 £
Authorised		
9,000 A Ordinary shares of £1 each	9,000	9,000
9,000 B Ordinary shares of £1 each	9,000	9,000
20,000 C Ordinary shares of 10p each	2,000	2,000
	<u>20,000</u>	<u>20,000</u>
 Allotted, called up and fully paid		
4,500 A Ordinary shares of £1 each	4,500	4,500
4,500 B Ordinary shares of £1 each	4,500	4,500
10,000 C Ordinary shares of 10p each	1,000	1,000
	<u>10,000</u>	<u>10,000</u>

11 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 June 1998	(63,112)
Retained profit for the year	57,951
Balance at 31 May 1999	<u>(5,161)</u>

12 Reconciliation of movements in shareholders' funds	1999 £	1998 £
Profit for the financial year	57,951	8,302
Opening shareholders' funds	(53,114)	(61,416)
Closing shareholders' funds	<u>4,839</u>	<u>(53,114)</u>

RMT FINANCIAL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 1999

13 Financial commitments

At 31 May 1999 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings			Other
	1999	1998	1999	1998
	£	£	£	£
Expiry date:				
Within one year	12,000	12,000	-	-
Between two and five years	-	-	1,151	4,251
	<u>12,000</u>	<u>12,000</u>	<u>1,151</u>	<u>4,251</u>

14 Employees

Number of employees

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

	1999	1998
	Number	Number
Directors	2	2
Consultants	1	1
Administration	2	2
	<u>5</u>	<u>5</u>

Employment costs

	£	£
Wages and salaries	100,499	80,870
Social security costs	9,238	2,375
Other pension costs	5,844	4,215
	<u>115,581</u>	<u>87,460</u>

RMT FINANCIAL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 1999

15 Related party transactions

The bank overdraft of the company is personally guaranteed by the partners of RMT Accountants and Business Advisors. A A Josephs is a partner of RMT Accountants and Business Advisors and is a director of RMT Financial Management Limited.

Included within other loans are loans from RMT Accountants and Business Advisors as detailed below:

	£
RMT Accountants and Business Advisors	68,048

The company occupies property owned by RMT Accountants and Business Advisors, and pays rent of £12,000 per annum.