

2895559

RMT FINANCIAL MANAGEMENT LIMITED

DIRECTORS REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 1997

Contents:

Page 1	Company information
Pages 2 - 3	Directors' report
Page 4	Auditors' report
Page 5	Profit and loss account
Page 6	Balance sheet
Page 7	Cash flow statement
Page 8	Notes to the cash flow statement
Pages 9 - 13	Notes to the financial statements

RMT FINANCIAL MANAGEMENT LIMITED

COMPANY INFORMATION

Directors	A A Josephs K Walker
Secretary	R W Blackett
Company number	2895559
Registered office	3 Portland Terrace NEWCASTLE UPON TYNE NE2 1QQ
Auditors	Gardiners, Chartered Accountants 62A Bootham YORK YO3 7BZ
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 1997

The directors present their report and financial statements for the year ended 31 May 1997.

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 unsatisfactory by the directors. Just before the year end the Company relocated into the offices of RMT, thereby reducing the overheads, and allowing more direct management control, and the Directors expect the position of the Company to improve in the foreseeable future. The shareholders have also injected additional funds to ensure that the company complies with its obligations.

Results and dividends

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

Directors

The following directors have held office since 1 June 1996:

A A Josephs	
M W Scott	(Resigned 16 May 1997)
D T Taylor	(Resigned 16 May 1997)
K Walker	

In accordance with the company's Articles of Association, the directors are not required to retire by rotation.

Directors' interests

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

	A Ordinary shares of £1 each	
	31 May 1997	1 June 1996
A A Josephs	-	-
K Walker	-	-
	B Ordinary shares of £1 each	
	31 May 1997	1 June 1996
A A Josephs	-	-
K Walker	-	-
	C Ordinary shares of 10p each	
	31 May 1997	1 June 1996
A A Josephs	-	-
K Walker	1,000	1,000

4,500 "A" Ordinary shares are issued in the name of M W Scott. These shares are held by M W Scott as a trustee of Rowlands Chartered Accountants. M W Scott, D T Taylor and others are partners of Rowlands Chartered Accountants. 4,500 "B" Ordinary shares are issued in the name of J Godula. These are held by J Godula as a trustee for RMT Chartered Accountants. J Godula, A A Josephs and others are partners of RMT Chartered Accountants.

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MAY 1997**

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.

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.

By order of the board



**A A Josephs
Director**

2 February 1998

RMT FINANCIAL MANAGEMENT LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS OF RMT FINANCIAL MANAGEMENT LIMITED

We have audited the financial statements on pages 5 to 13 which have been prepared under the historical cost convention and the accounting policies set out on page 9.

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.

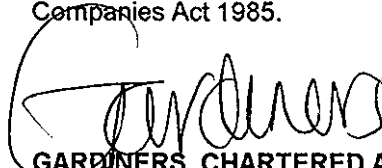
Basis of opinion

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 1997 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**GARDINERS, CHARTERED ACCOUNTANTS
CHARTERED ACCOUNTANTS
REGISTERED AUDITOR**

YORK

2 February 1998

RMT FINANCIAL MANAGEMENT LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MAY 1997

	Notes	1997 £	1996 £
Turnover	2	93,900	183,083
Cost of sales		(18,875)	(34,192)
Gross profit		<u>75,025</u>	<u>148,891</u>
Administrative expenses		(122,057)	(146,464)
Operating (loss)/profit	3	(47,032)	2,427
Other interest receivable and similar income	4	-	2
Interest payable and similar charges	5	(2,035)	(2,566)
Loss on ordinary activities before taxation		<u>(49,067)</u>	<u>(137)</u>
Tax on loss on ordinary activities		-	-
Loss on ordinary activities after taxation	12	<u>(49,067)</u>	<u>(137)</u>

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

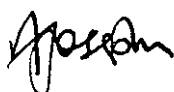
There are no recognised gains and losses other than those passing through the profit and loss account.

RMT FINANCIAL MANAGEMENT LIMITED

BALANCE SHEET AS AT 31 MAY 1997

	Notes	1997 £	£	1996 £	£
Fixed assets					
Tangible assets			8,599		17,878
Current assets					
Stocks	6	150		500	
Debtors	7	16,455		55,236	
Cash at bank and in hand		100		100	
		<u>16,705</u>		<u>55,836</u>	
Creditors: amounts falling due within one year	8	<u>(34,906)</u>		<u>(50,560)</u>	
Net current (liabilities)/assets			<u>(18,201)</u>		<u>5,276</u>
Total assets less current liabilities			<u>(9,602)</u>		<u>23,154</u>
Creditors: amounts falling due after more than one year	9		<u>(51,814)</u>		<u>(35,503)</u>
			<u>(61,416)</u>		<u>(12,349)</u>
Capital and reserves					
Called up share capital	11	10,000		10,000	
Profit and loss account	12	(71,416)		(22,349)	
Shareholders' funds - equity interests	13	<u>(61,416)</u>		<u>(12,349)</u>	

The financial statements were approved by the Board on 2 February 1998



A A Josephs
Director

RMT FINANCIAL MANAGEMENT LIMITED**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MAY 1997**

	1997	1996
	£	£
Net cash outflow from operating activities	(10,043)	(9,825)
Returns on investments and servicing of finance		
Interest received	-	2
Interest paid	<u>(2,035)</u>	<u>(2,566)</u>
Net cash outflow for returns on investments and servicing of finance	(2,035)	(2,564)
Capital expenditure		
Payments to acquire tangible assets	(235)	(176)
Receipts from sales of tangible assets	<u>2,100</u>	<u>-</u>
Net cash inflow/(outflow) for capital expenditure	1,865	(176)
Net cash outflow before management of liquid resources and financing	(10,213)	(12,565)
Financing		
Other new long term loans	22,386	3,428
Capital element of hire purchase contracts	<u>(2,880)</u>	<u>(2,255)</u>
Net cash inflow from financing	19,506	1,173
Increase/(decrease) in cash in the year	<u>9,293</u>	<u>(11,392)</u>

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MAY 1997**

1	Reconciliation of operating (loss)/profit to net cash outflow from operating activities		1997	1996
			£	£
	Operating (loss)/profit		(47,032)	2,427
	Depreciation of tangible assets		7,414	5,552
	Decrease/(increase) in stocks		350	-
	Decrease/(increase) in debtors		38,781	(20,705)
	(Decrease)/Increase in creditors within one year		(9,556)	2,901
	Net cash outflow from operating activities		(10,043)	(9,825)
2	Analysis of net debt		1 June 1996	Cash flow
			£	£
	Net cash:			
	Cash at bank and in hand	100	-	100
	Bank overdrafts	(23,793)	9,293	(14,500)
		<u>(23,693)</u>	<u>9,293</u>	<u>(14,400)</u>
	Debt:			
	Finance leases	(9,188)	2,880	(6,308)
	Debts falling due after one year	(29,428)	(22,386)	(51,814)
		<u>(38,616)</u>	<u>(19,506)</u>	<u>(58,122)</u>
	Net debt	(62,309)	(10,213)	(72,522)
3	Reconciliation of net cash flow to movement in net debt		1997	1996
			£	£
	Increase/(decrease) in cash in the year		9,293	(11,391)
	Cash inflow from increase in debt and lease financing		(19,506)	(1,173)
	Movement in net debt in the year		(10,213)	(12,564)
	Opening net debt		(62,309)	(49,745)
	Closing net debt		(72,522)	(62,309)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 1997**

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:

Leasehold properties	Straight line over the life of the lease
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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 1997**

3	Operating (loss)/profit	1997	1996
		£	£
	Operating (loss)/profit is stated after charging:		
	Depreciation of tangible assets	7,414	5,552
	Operating lease rentals	14,596	14,074
	Auditors' remuneration	1,334	997
		<u> </u>	<u> </u>
4	Other interest receivable and similar income	1997	1996
		£	£
	Bank interest	-	2
		<u> </u>	<u> </u>
5	Interest payable	1997	1996
		£	£
	On bank loans and overdrafts	1,265	1,120
	On other loans wholly repayable within 5 years	-	40
	Hire purchase interest	770	1,406
		<u> </u>	<u> </u>
		2,035	2,566
		<u> </u>	<u> </u>
6	Stocks	1997	1996
		£	£
	Finished goods and goods for resale	150	500
		<u> </u>	<u> </u>
7	Debtors	1997	1996
		£	£
	Trade debtors	14,178	48,272
	Other debtors	220	252
	Prepayments and accrued income	2,057	6,712
		<u> </u>	<u> </u>
		16,455	55,236
		<u> </u>	<u> </u>

RMT FINANCIAL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 1997

8 Creditors: amounts falling due within one year	1997 £	1996 £
Bank loans and overdrafts	14,500	23,793
Net obligations under finance lease and hire purchase contracts	6,308	3,113
Trade creditors	4,970	13,571
Taxes and social security costs	2,394	2,883
Other creditors	-	1,585
Accruals and deferred income	6,734	5,615
	<u>34,906</u>	<u>50,560</u>

The bank overdraft is secured by a guarantee given by the partners of RMT Chartered Accountants.

9 Creditors: amounts falling due after more than one year	1997 £	1996 £
Other loans	51,814	29,428
Net obligations under finance leases and hire purchase agreements	-	6,075
	<u>51,814</u>	<u>35,503</u>

Analysis of loans

Wholly repayable within five years	51,814	29,428
	<u>51,814</u>	<u>29,428</u>

Loan maturity analysis

Between one and two years	-	1,585
Between two and five years	51,815	31,013
	<u>51,815</u>	<u>31,013</u>

Net obligations under finance leases and hire purchase contracts

Repayable within one year	6,481	3,955
Repayable between one and five years	-	6,248
	<u>6,481</u>	<u>10,203</u>

Finance charges and interest allocated to future accounting periods

	(173)	(1,015)
	<u>6,308</u>	<u>9,188</u>
Included in liabilities falling due within one year	(6,308)	(3,113)
	<u>-</u>	<u>6,075</u>

**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MAY 1997**
10 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 £534 (1996 - £822).

11 Share capital	1997	1996
	£	£
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>

12 Statement of movements on profit and loss account

	Profit and loss account
	£
Balance at 1 June 1996	(22,349)
Retained loss for the year	(49,067)
Balance at 31 May 1997	<u>(71,416)</u>

13 Reconciliation of movements in shareholders' funds	1997	1996
	£	£
Loss for the financial year	(49,067)	(137)
Opening shareholders' funds	(12,349)	(12,212)
Closing shareholders' funds	<u>(61,416)</u>	<u>(12,349)</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 1997**

14 Financial commitments

At 31 May 1997 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	1997	1996	1997	1996
	£	£	£	£
Expiry date:				
Between two and five years	-	8,000	6,074	6,074

15 Employees

Number of employees

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

	1997	1996
	Number	Number
Directors	2	4
Consultants	1	2
Administration	2	2
	<u>5</u>	<u>8</u>

Employment costs

	£	£
Wages and salaries	64,124	77,316
Social security costs	5,696	7,453
Other pension costs	534	822
	<u>70,354</u>	<u>85,591</u>

16 Related party transactions

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

Included within other loans are loans from RMT Chartered Accountants and Rowlands Chartered Accountants as detailed below:

	£
RMT Chartered Accountants	34,636
Rowlands Chartered Accountants	17,179