

Company Registration No. 3109490

**SANDHEAD HOLDING LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 1998**



12918-a-1998

**Registered Office**  
Suite 205, Moghul House  
57 Grosvenor Street  
Mayfair  
London  
W1X 9DA

# **SANDHEAD HOLDING LIMITED**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1998**

The directors present their report and financial statements for the year ended 31 December 1998.

### **Principal activities and review of the business**

The principal activity of the company is that of an investment company.

### **Results and dividends**

The results for the year are set out on page 4.

### **Fixed assets**

The significant changes in fixed assets during the year are explained in note 5 to the financial statements.

### **Future developments**

As is well known, many computer and digital storage systems express dates using only the last two digits of the year and will thus require modification or replacement to accommodate the year 2000 and beyond in order to avoid malfunctions and resulting widespread commercial disruption. This is a complex and pervasive issue. The operation of our business depends not only on our own computer systems, but also to some degree on those of our suppliers and customers. This could expose us to further risk in the event that there is a failure by other parties to remedy their own Year 2000 issues.

The directors have considered the potential risks to the company's activities arising from the date change to the Year 2000. Given the complexity of the problem, it is not possible for any organisation to guarantee that no Year 2000 problems will remain because at least some level of failure may still occur, however the Board believe that it has achieved an acceptable state of readiness and will continue to monitor the issues on a regular basis.

The company has not incurred significant costs during the consideration of this problem.

### **Directors**

*The following directors have held office since 1 January 1998:*

L. Pierucci	(Resigned 28 October 1998)
M.W. Denton	(Resigned 1 June 1998)
C.G Malet De Carteret	(Resigned 1 June 1998)
S. Hirst	(Appointed 28 October 1998)
W.R. Hawes	(Appointed 28 October 1998)
C.F. Mellegard	(Appointed 28 October 1998)

The directors have no interest in the issued share capital of the company.

### **Auditors**

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Matthew Edwards & Co. 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

  
S. Hirst (Director)

Date : 04 OCT 1999

**MATTHEW EDWARDS & CO**  
CHARTERED ACCOUNTANTS

P.O. Box 227, Clinch's House, Lord Street, Douglas, Isle of Man IM99 1RZ  
Telephone: +44 (0) 1624 663166 Facsimile: +44 (0) 1624 677108  
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**AUDITORS' REPORT  
TO THE SHAREHOLDERS OF SANDHEAD HOLDING LIMITED**

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We have audited the financial statements on pages 4 to 9 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 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, except that the scope of our work was limited as explained below. 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. However, the evidence available to us was limited because the directors have not complied with Financial Reporting Standard No. 8 as they are unable to disclose the identity of the ultimate controlling party, transactions related thereto, and any other related party transactions. There were no other satisfactory audit procedures that we could adopt to ensure compliance with Financial Reporting Standard No. 8.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**AUDITORS' REPORT (CONTINUED)**  
**TO THE SHAREHOLDERS OF SANDHEAD HOLDING LIMITED**

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**Qualified opinion arising from limitation in audit scope**

Except for any adjustments or additional disclosures that may have been found to be necessary with regard to compliance with FRS 8, in our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1998 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

In respect alone of the limitation on our audit work relating to the above, we have not obtained all the information and explanations that we considered necessary for the purpose of our audit.

In all other respects, we have obtained all the information and explanations we consider necessary for the purposes of our audit. In our opinion, proper books of account have been kept by the company. The financial statements are in agreement with the books of account.

*Matthew Edwards & Co.*

**Matthew Edwards & Co.**  
Chartered Accountants  
**Registered Auditor**

*04.10.99*

Clinch's House, Lord Street  
Douglas, Isle Of Man  
IM99 1RZ

**SANDHEAD HOLDING LIMITED**

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 1998**

	Notes	1998 £	1997 £
Administrative expenses		(4,156)	(2,300)
<b>Operating loss</b>	<b>2</b>	<b>(4,156)</b>	<b>(2,300)</b>
Other interest receivable and similar income	<b>3</b>	204	-
<b>Loss on ordinary activities before taxation</b>		<b>(3,952)</b>	<b>(2,300)</b>
Tax on loss on ordinary activities	<b>4</b>	-	-
<b>Loss on ordinary activities after taxation</b>	<b>8</b>	<b>(3,952)</b>	<b>(2,300)</b>
<b>Loss brought forward at 1 January 1998</b>		<b>(6,876)</b>	<b>(4,576)</b>
<b>Loss carried forward at 31 December 1998</b>		<b>(10,828)</b>	<b>(6,876)</b>

All of the company's activities are derived from continuing operations.

**SANDHEAD HOLDING LIMITED**

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE YEAR ENDED 31 DECEMBER 1998**

	<b>1998</b>	<b>1997</b>
	<b>£</b>	<b>£</b>
<b>Loss for the financial year</b>	<b>(3,952)</b>	<b>(2,300)</b>
Currency translation differences on foreign currency investments	(50,045)	-
Currency translation differences on foreign currency loans	50,045	-
<b>Total recognised gains and losses relating to the year</b>	<b>(3,952)</b>	<b>(2,300)</b>

**SANDHEAD HOLDING LIMITED**

**BALANCE SHEET  
AS AT 31 DECEMBER 1998**

	Notes	1998 £	£	1997 £	£
<b>Fixed assets</b>					
Investments	5		409,074		459,119
<b>Current assets</b>					
Cash at bank and in hand		928		843	
<b>Creditors: amounts falling due within one year</b>	6	<u>(419,830)</u>		<u>(465,838)</u>	
<b>Net current liabilities</b>			<u>(418,902)</u>		<u>(464,995)</u>
<b>Total assets less current liabilities</b>			<u>(9,828)</u>		<u>(5,876)</u>
<b>Capital and reserves</b>					
Called up share capital	7		1,000		1,000
Profit and loss account	8		<u>(10,828)</u>		<u>(6,876)</u>
<b>Shareholders' funds - equity interests</b>	9		<u>(9,828)</u>		<u>(5,876)</u>

The financial statements were approved by the Board on .....04...OCT...1999

  
S. Hirst (Director)

# SANDHEAD HOLDING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1998

### 1 Accounting policies

#### 1.1 Accounting convention

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

The financial statements have been prepared on the going concern basis. This is considered appropriate as the ultimate beneficial shareholders will continue to provide financial support to the company for the foreseeable future.

#### 1.2 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

#### 1.3 Foreign currency translation

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 material gains or losses resulting from the conversion are taken to the profit and loss account.

#### 1.4 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertaking comprise a small-sized group. The company has therefore taken advantage of the exemptions provided by section 248 of the Companies Act 1985 not to prepare group accounts.

#### 1.5 Cashflow

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cashflow statement on the grounds that it is a small company.

### 2 Operating loss

	1998	1997
	£	£
Operating loss is stated after charging:		
Auditors' remuneration	530	600

### 3 Other interest receivable and similar income

	1998	1997
	£	£
Profit on foreign exchange	204	-
	204	-

### 4 Taxation

In view of the tax allowable losses incurred during the year no provision has been made for corporation tax.



# SANDHEAD HOLDING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 1998

### 5 Fixed asset investments

	Shares in subsidiary undertakings £
<b>Cost</b>	
At 1 January 1998	459,119
Revaluation	(50,045)
	<hr/>
At 31 December 1998	409,074
	<hr/>
At 31 December 1997	459,119
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### Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Class	Shares held %
<b>Subsidiary undertakings</b>			
Sanim Srl	Italy	ordinary	90

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and reserves	Profit/(Loss) for the year
Sanim Srl	639,468	1,964
	<hr/>	<hr/>

### 6 Creditors: amounts falling due within one year

	1998 £	1997 £
Other creditors	416,030	462,938
Accruals and deferred income	3,800	2,900
	<hr/>	<hr/>
	419,830	465,838
	<hr/>	<hr/>

### 7 Share Capital

The authorised share capital of the Company comprises 10000 Ordinary £1 shares of which 1000 have been issued and are fully paid up (1997 - 1000).

**SANDHEAD HOLDING LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 1998****8 Statement of movements on profit and loss account**

	Profit and loss account £
Balance at 1 January 1998	(6,876)
Retained loss for the year	(3,952)
Currency translation differences on foreign currency net investments	(50,045)
Currency translation differences on foreign currency loans	50,045
	<hr/>
Balance at 31 December 1998	(10,828)
	<hr/>

**9 Reconciliation of movements in shareholders' funds**

	1998 £	1997 £
Loss for the financial year	(3,952)	(2,300)
	<hr/>	<hr/>
Net depletion in shareholders' funds	(3,952)	(2,300)
Opening shareholders' funds	(5,876)	(3,576)
	<hr/>	<hr/>
Closing shareholders' funds	(9,828)	(5,876)
	<hr/>	<hr/>

**10 Contingent liabilities**

There were no known contingent liabilities at the balance sheet date.

**11 Capital commitments**

There were no major capital commitments at the balance sheet date.

**12 Employees****Number of employees, wages and salaries**

There were no employees during the year apart from the directors. The directors received no remuneration during the year.