

**EARLYWEIGH LIMITED**

**REPORT AND ACCOUNTS**

**FOR THE PERIOD ENDED 31 DECEMBER 1997**



# EARLYWEIGH LIMITED

## COMPANY INFORMATION

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### Directors

C L Blackham  
M C Evans  
D T Hopwood  
C Whitfield  
G Bradford

### Secretary

K Austen

### Company Number

3242847

### Registered Office

40 Queen Anne Street  
London  
W1M 0EL

### Business Address

51 Lincoln's Inn Fields  
Holborn  
London

### Auditors

Lewis Golden & Co  
40 Queen Anne Street  
London  
W1M 0EL

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# **EARLYWEIGH LIMITED**

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# EARLYWEIGH LIMITED

## DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 1997

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The directors present their report and accounts for the period ended 31 December 1997.

### Principal Activities and Review of the Business

The company was incorporated as Earlyweigh Limited on 28 August 1996.

The company's principal activity is that of the holding company to Layton Blackham Group Ltd and its subsidiary companies and the provision of working capital finance for its "Quantum Leap" initiative.

Access to future funding was agreed during the period and Earlyweigh provided working capital to its subsidiaries to allow investment in the Group's infrastructure to enable it to support its future acquisition program.

### Results and Dividends

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

The directors do not recommend payment of an ordinary dividend.

It is proposed that the retained consolidated loss of £1,061,883 is transferred to reserves.

### Fixed Assets

The significant changes in fixed assets during the period are explained in note 6 to the financial statements.

### Directors' Interests

The directors who served during the period and their beneficial interests in the shares of the company were as stated below.

#### Ordinary shares of £1 each 31 December 1997

C L Blackham	1,000
M C Evans	-
D T Hopwood	-
C Whitfield	-
P Mountford	-
	<u>1,000</u>

# EARLYWEIGH LIMITED

## DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 1997

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### Directors' Responsibilities

Company law requires the directors to prepare accounts 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 accounts, 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 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 to 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.

By order of the Board



Director

# EARLYWEIGH LIMITED

## AUDITORS' REPORT TO THE SHAREHOLDERS

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We have audited the accounts on pages 4 to 15 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

### **Respective responsibilities of the director and auditors**

As described on page 2 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in preparation of the accounts, 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 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 affairs of the company and group as at 31 December 1997 and of the group loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



### **Lewis Golden & Co**

Chartered Accountants and Registered Auditors  
40 Queen Anne Street  
London  
W1M 0EL

*31st March 1998*

# EARLYWEIGH LIMITED

## CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31 DECEMBER 1997

	Notes	15 months to 31.12.1997 £
Turnover	1.4	2,855,997
Cost of sales		(391,801)
<b>Gross profit</b>		<b>2,464,196</b>
Administrative expenses		(3,540,695)
<b>Operating (loss)/profit</b>		<b>(1,076,499)</b>
Other income and interest receivable		54,518
Interest payable and similar charges	3	(38,138)
<b>(Loss)/profit on ordinary activities before taxation</b>	<b>2</b>	<b>(1,060,119)</b>
Tax on profit on ordinary activities	4	(1,764)
<b>Retained (loss)/profit for the period</b>	<b>13</b>	<b>(1,061,883)</b>
<b>Retained (loss)/profit brought forward</b>		<b>-</b>
<b>Retained (loss)/profit carried forward</b>		<b>(1,061,883)</b>

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.

# EARLYWEIGH LIMITED

## CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 1997

	Notes	Group 1997 £	Company 1997 £
<b>Fixed Assets</b>			
Goodwill	5	345,150	-
Tangible assets	6	282,332	-
Investments	7	1	1,000
		<u>627,483</u>	<u>1,000</u>
<b>Current Assets</b>			
Debtors	8	2,851,801	1,353,848
Cash at bank and in hand		836,170	-
		<u>3,687,971</u>	<u>1,353,848</u>
<b>Creditors: amounts falling due within one year</b>	9	(3,736,761)	-
<b>Net current liabilities</b>		<u>(48,790)</u>	<u>-</u>
<b>Total assets less current liabilities</b>		578,693	-
<b>Creditors: amounts falling due after more than one year</b>	10	(321,994)	-
		<u>256,699</u>	<u>1,354,848</u>
<b>Capital and reserves</b>			
Called up share capital	12	1,354,848	1,354,848
Profit and loss account	13	(1,098,149)	-
Equity shareholders' Funds	13	<u>256,699</u>	<u>1,354,848</u>

The accounts were approved by the Board on 31<sup>st</sup> March 1998

C. L. Blackman

Director

*[Signature]*

Director



# EARLYWEIGH LIMITED

## CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 DECEMBER 1997

		1997 £
<b>Net cash (outflow)/inflow from operating activities</b>	<b>Note 1</b>	<b>(258,847)</b>
<b>Returns on investments and servicing of finance</b>		
Interest received		57,473
Interest paid		(42,512)
<b>Net cash outflow from returns on investments and servicing of finance</b>		<b>14,961</b>
<b>Taxation</b>		
Corporation tax paid		(1,764)
<b>Capital Expenditure</b>		
Payments to acquire intangible fixed assets		(445,500)
Payments to acquire tangible fixed assets		(280,121)
Receipts from sale of tangible fixed assets		5,024
<b>Net cash outflow from capital expenditure</b>		<b>(720,597)</b>
<b>Acquisitions</b>		
Cash acquired with subsidiary		520,559
Overdraft acquired with subsidiary		(21,013)
<b>Net cash outflow from acquisition</b>		<b>499,546</b>
<b>Net cash outflow before financing</b>		<b>(466,701)</b>
<b>Financing</b>		
Cash from issue of preference shares		1,353,848
Capital element of hire purchase rental payments		(26,461)
Bank loan repayments		(24,516)
		<b>1,302,871</b>
<b>Increase in cash</b>	<b>Note 2</b>	<b>836,170</b>
<b>Reconciliation of net cash flow to movement in net debt</b>		
<b>Increase in cash in the period</b>		<b>836,170</b>
Cash (inflow) / outflow from increase in debt and lease financing		50,977
<b>Change in net funds resulting from cash flow</b>		<b>887,147</b>
Loans and finance leases acquired with subsidiary		(46,605)
New finance leases		(39,671)
<b>Change in net (debt) / funds</b>		<b>800,871</b>
<b>Net funds at 1 October 1996</b>		<b>-</b>
<b>Net funds at 31 December 1997</b>		<b>800,871</b>

# EARLYWEIGH LIMITED

## COMPANY CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 DECEMBER 1997

		1997
		£
Net cash (outflow)/inflow from operating activities	Note 1	-
Returns on investments and servicing of finance		-
Taxation		-
Corporation tax paid		-
Investing activities		-
Net cash outflow before financing		-
Financing		
Cash from issue of preference shares		1,353,848
Loans made to subsidiary		<u>(1,353,848)</u>
Net cash inflow from financing		-
(Decrease) / increase in cash	Note 2	-
Reconciliation of net cash flow to movement in net debt		
(Decrease)/increase in cash in the period		-
Cash (inflow) / outflow from increase in debt and lease financing		-
Change in net (debt) / funds resulting from cash flow		-
New finance leases		-
Change in net funds		-
Net funds at 1 October 1996		-
Net funds at 31 December 1997		-

# EARLYWEIGH LIMITED

## NOTES TO THE CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 DECEMBER 1997

### Note 1 Reconciliation of operating profit to net cash flow from operating activities

	Group 1997 £	Company 1997 £
Operating (loss)	(1,076,500)	-
Depreciation and amortisation charges	245,347	-
Loss/(Profit) on disposal of tangible fixed asset	1,568	-
(Increase) in debtors	(803,893)	-
Increase in creditors	1,374,631	-
<b>Net cash flow from operating activities</b>	<b>(258,847)</b>	<b>-</b>

### Note 2 Analysis of changes in net debt - Group

	At 1 October 1996	Acquisition (excl. cash & overdrafts) £	Cash flow £	Non Cash flow £	At 31 December 1997 £
Cash at bank and in hand	-	-	836,170		836,170
Overdrafts	-	-	-		-
	-	-	836,170		836,170
<b>Debt due within one year</b>					
Finance leases	-	(22,089)	20,816		(1,273)
<b>Debt due after one year</b>					
Finance leases	-	-	5,645	(39,671)	(34,026)
Bank loans	-	(24,516)	24,516		-
	-	(46,605)	887,147	(39,671)	800,871

### Note 3 Major non-cash Transactions Purchase of subsidiary companies

	£
<b>Net assets acquired</b>	
Tangible fixed assets	116,979
Investments	1
Debtors	2,141,144
Taxation recoverable	6,021
Cash at bank and in hand	520,559
Creditors	(2,752,352)
Bank loans and overdrafts	(45,529)
Finance leases	(22,089)
Goodwill	36,266
<b>Total</b>	<b>1,000</b>
<b>Satisfied by</b>	
Ordinary shares allotted	1,000

# EARLYWEIGH LIMITED

## NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 DECEMBER 1997

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### 1 Accounting Policies

#### 1.1 Group accounts

The consolidated accounts comprise the accounts for the company and its wholly owned trading subsidiary. As provided by section 288 of The Companies Act, 1985, no profit and loss account is presented for the company.

#### 1.2 Accounting convention

The accounts are prepared under the historical cost convention.

#### 1.3 Compliance with accounting standards

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

#### 1.4 Turnover

Turnover comprises invoiced commission, direct debit fees and survey fees receivable, and all relates to continuing operations.

#### 1.5 Goodwill and intangibles

Goodwill is depreciated so as to write it off over its useful life.

#### 1.6 Tangible fixed assets and depreciation

Fixed assets are depreciated so as to write them off over their useful lives at the following rates:-

Motor vehicles	20% per annum on cost
Office fixtures and equipment	25% per annum on cost
Leasehold property	10% per annum on cost

#### 1.7 Pensions

The pension cost charges in the accounts represent the contributions payable by the company during the period in accordance with SSAP 24.

#### 1.8 Deferred taxation

Deferred taxation is provided at the current rate on all timing differences likely to reverse within the next foreseeable future.

#### 1.9 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 the 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.

#### 1.10 Development Expenditure

Development expenditure incurred for a specific project is deferred to match with future revenues where a feasibility study has shown that the project is commercially viable.

# EARLYWEIGH LIMITED

## NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 DECEMBER 1997

		15 months to 31.12.1997	
		£	
<b>2</b>	<b>Consolidated Operating Profit</b>		
	Operating profit is stated after charging:		
	Staff costs (see note 14)	2,426,874	
	Amortisation of intangible assets	100,850	
	Depreciation of tangible assets	150,347	
	Auditors' remuneration	8,813	
	Remuneration of auditors for non-audit work	-	
		<u>          </u>	
<b>3</b>	<b>Interest Payable</b>	1997	
		£	
	On bank loans repayable within 5 years	940	
	On other loans repayable within 5 years	37,198	
		<u>          </u>	
		38,138	
		<u>          </u>	
<b>4</b>	<b>Taxation</b>	<b>Group</b>	<b>Company</b>
		<b>1997</b>	<b>1997</b>
		£	£
	<b>UK current year taxation</b>		
	UK corporation tax at 25% (1996: 25%)	-	-
	(Under) provision in previous years	1,764	-
		<u>          </u>	<u>          </u>
		1,764	-
		<u>          </u>	<u>          </u>
<b>5</b>	<b>Intangible Fixed Assets</b>	<b>Group</b>	<b>Company</b>
		<b>Goodwill</b>	<b>Goodwill</b>
		£	£
	<b>Cost</b>		
	Additions	443,000	-
		<u>          </u>	<u>          </u>
	At 31 December 1997	443,000	-
		<u>          </u>	<u>          </u>
	<b>Depreciation</b>		
	Charge for the year	97,850	-
		<u>          </u>	<u>          </u>
	At 31 December 1997	97,850	-
		<u>          </u>	<u>          </u>
	<b>Net Book Value</b>		
	At 31 December 1997	345,150	-
		<u>          </u>	<u>          </u>

# EARLYWEIGH LIMITED

## NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 DECEMBER 1997

### 6 Tangible Fixed assets

#### 6.1 Group

	Leasehold property £	Fixtures & Fittings £	Motor vehicles £	Total £
<b>Cost or valuation</b>				
At 1 October 1996	8,965	312,516	29,996	351,477
Additions	-	288,984	33,308	322,292
Disposals	-	(6,591)	-	(6,591)
At 31 December 1997	8,965	594,909	63,304	667,178
<b>Depreciation</b>				
At 1 October 1996	1,793	214,244	18,461	234,498
Charge for the period	560	140,166	9,622	150,348
Disposals	-	-	-	-
At 31 December 1997	2,353	354,410	28,083	384,846
<b>Net book value</b>				
At 31 December 1997	6,612	240,499	35,221	282,332
At 30 September 1996	7,172	98,272	11,535	116,979

#### 6.2 Company

	Leasehold property £	Fixtures & Fittings £	Motor vehicles £	Total £
<b>Cost or valuation</b>				
Additions	-	-	-	-
Disposals	-	-	-	-
At 31 December 1997	-	-	-	-
<b>Depreciation</b>				
Charge for the period	-	-	-	-
Disposals	-	-	-	-
At 31 December 1997	-	-	-	-
<b>Net book value</b>				
At 31 December 1997	-	-	-	-

# EARLYWEIGH LIMITED

## NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 DECEMBER 1997

### 7 Investments held as fixed assets

The company owns the share capital of the following company which is incorporated in Great Britain:

	Shareholding £	%
Layton Blackham Group Limited	1,000	100

### 8 Debtors

	Group 31.12.1997 £	Company 31.12.1997 £
Amounts owed by group undertakings	-	1,353,848
Trade debtors	2,602,532	-
Other debtors	166,063	-
Prepayments and accrued income	77,185	-
Corporation Tax Recoverable	6,021	-
	<u>2,851,801</u>	<u>1,353,848</u>

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

	Group 31.12.1997 £	Company 31.12.1997 £
Trade creditors	3,226,019	-
Other taxes and social security costs	64,994	-
Other creditors	355,713	-
Accruals and deferred income	90,035	-
	<u>3,736,761</u>	<u>-</u>

# EARLYWEIGH LIMITED

## NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 DECEMBER 1997

### 10 Creditors: amounts falling due after more than one year

	Group 1997 £	Company 1997 £
Other creditors	295,037	-
Obligations under hire purchase contracts	26,957	-
	<u>321,994</u>	<u>-</u>

### 11 Obligations under hire purchase contracts

obligations are due as follows

	Group 1997 £	Company 1997 £
Within 1 year	8,343	-
Between 1 and 5 years	26,957	-
	<u>35,300</u>	<u>-</u>

### 12 Share Capital

	1997 £
<b>Authorised</b>	
1,000 Ordinary shares of £1 each	1,000
9,000,000 Preference shares of £1 each	9,000,000
	<u>          </u>
<b>Allotted, called up and fully paid</b>	
1,000 Ordinary shares of £1 each	1,000
Preference shares of £1 each	1,353,848
	<u>          </u>

During the period the company issued 1,000 ordinary £1 shares at par in a share for share exchange to acquire the Layton Blackham Group. It also issued 1,353,848 £1 preference shares for working capital purposes.

The preference shares are cumulative and dividends are payable at 9% per annum. At the period end £57,303 dividends had accumulated.



# EARLYWEIGH LIMITED

## NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 DECEMBER 1997

### 13 Reconciliation of Movements in Shareholders' Funds

	Group 1997 £	Company 1997 £
Preference shares issued in the period	1,353,848	1,353,848
Ordinary share issued in the period	1,000	1,000
Goodwill written off on acquisition	(36,266)	-
Retained (loss) for the financial period	(1,061,883)	-
Closing shareholders' funds	<u>256,699</u>	<u>1,354,848</u>
<b>Analysis of shareholders funds</b>		
Equity shares	(1,097,149)	1,000
Non-equity shares	<u>1,353,848</u>	<u>1,353,848</u>
Closing shareholders' funds	<u>256,699</u>	<u>1,354,848</u>

### 14 Employees

#### Number of employees

The average weekly number of employees (including directors) employed by the group during the period was:

	1997 Number
Total	<u>83</u>

#### Employment costs

	£
Pension costs	51,052
Wages and salaries	2,161,634
Social security costs	214,188
	<u>2,426,874</u>

# EARLYWEIGH LIMITED

## NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 DECEMBER 1997

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### 15 Directors' Emoluments

	1997 £
Directors' emoluments	343,000
Directors' fees	-
	<hr/>
	343,000
	<hr/>
Emoluments disclosed above (excluding pension contributions) include amounts paid to the highest paid director of £97,500	

### 16 Post Balance Sheet Events

Since the year end the group has purchased Kay Hockman & Patt Limited, an insurance broking business.

### 17 Related Party Transactions

The company was owed £1,353,848 by Layton Blackham Group Ltd, its subsidiary.

### 18 Control.

The company was controlled throughout the period by C. Blackham.