

Registered Number: FC12068

**MARSHALLS (LONDON) INVESTMENT LIMITED**

**DIRECTORS' REPORT AND ACCOUNTS**

**YEAR ENDED 31 MARCH 1996**

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# MARSHALLS (LONDON) INVESTMENT LIMITED

## DIRECTORS' REPORT

The directors have pleasure in submitting their report and the audited accounts of the company for the year ended 31 March 1996.

## BUSINESS REVIEW

The company acts as an investment holding company. The results for the year are set out on page 4 of the accounts.

## DIVIDENDS

During the year no interim dividend was paid (1995: £Nil), no final dividend is proposed (1995: £Nil). The retained profit of £99,606 (1995: deficit £153,742) been transferred to reserves.

## DIRECTORS AND THEIR INTERESTS

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

P J Bentley  
J A L Riley

In accordance with the company's Article of Association all the directors retire and being eligible offer themselves for re-election.

No director had any interest in the issued share capital of the company. Their interests, as defined by Schedule 13 of the Companies Act 1985, in the holding company, Marshalls Finance Limited at 31 March 1996 and 31 March 1995 were:-

	Number of Ordinary Shares of 25p each		Options over Ordinary Shares of 25p each	
	1996	1995	1996	1995
P J Bentley	419,817	419,817	30,000	30,000
J A L Riley	60,000	60,000	nil	nil

Included in the above table are shares held by funded unapproved retirement benefit schemes established for the benefit of P J Bentley and J A L Riley, being 261,425 (1995: 247,789) and 59,990 (1995: 59,990) respectively.

P J Bentley is a director of Marshalls Finance Limited and details of his options are disclosed in that company's accounts.

No contracts of significance to which the company, its fellow subsidiary undertakings or its holding company, was a party and in which a director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

# MARSHALLS (LONDON) INVESTMENT LIMITED

## DIRECTOR'S REPORT *(continued)*

### ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the company, its fellow subsidiary undertakings or its holding company, a party to any arrangements to enable the directors of the company to acquire benefits by means of acquisition of shares in, or debentures of, the company or any other body corporate.


### MANAGEMENT CONTRACTS

No substantial contracts concerning the management and administration of the company were entered into or existed during the year.

### AUDITORS

The accounts have been audited by Price Waterhouse who retire and, being eligible, offer themselves for re-appointment.

By Order of the Board



Chairman of the meeting

25 June 1996

Registered Office:  
2903/08 Edinburgh Tower  
The Landmark  
Hong Kong

Company Number: 30803

United Kingdom Representative:  
Lloyds Chambers  
1 Portsoken Street  
London E1 8DF  
United Kingdom

Registered Number: FC12068

# MARSHALLS (LONDON) INVESTMENT LIMITED

## AUDITORS' REPORT

### TO THE MEMBERS OF MARSHALLS (LONDON) INVESTMENT LIMITED (incorporated in Hong Kong with limited liability)

We have audited the accounts on pages 4 to 8 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

#### Respective responsibilities of directors and auditors

The Companies Ordinance requires the directors to prepare accounts which give a true and fair view. In preparing accounts which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

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 Statements of Auditing Standards issued by the Hong Kong Society of Accountants. 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 the 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 as to whether the accounts are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts. We believe that our audit provides a reasonable basis for our opinion.

#### Opinion

In our opinion the accounts give a true and fair view, in all material respects, of the state of the company's affairs as at 31 March 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Ordinance.



Price Waterhouse  
Certified Public Accountants  
Hong Kong, 25 June 1996

# MARSHALLS (LONDON) INVESTMENT LIMITED

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 1996

	Note	1996 £	1995 £
Profit/(Loss) on Ordinary Activities before Taxation	2	94,540	(156,178)
Taxation	4	5,066	2,436
Profit/(Loss) on Ordinary Activities after Taxation	6	<u>99,606</u>	<u>(153,742)</u>

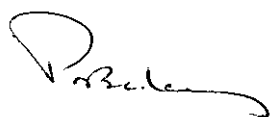
The notes on pages 6 to 8 form part of these accounts.

# MARSHALLS (LONDON) INVESTMENT LIMITED

## BALANCE SHEET AS AT 31 MARCH 1996

	Note	1996 £	1995 £
<b>INVESTMENT IN SUBSIDIARY UNDERTAKING</b>	5	2,150,043	2,043,904
<b>CURRENT ASSETS</b>			
Taxation		33,565	31,935
Cash and bank balances		6,888	5,165
		40,453	37,100
<b>CURRENT LIABILITIES</b>			
Amounts due to immediate holding company		1,223,642	1,212,880
Creditors		-	876
Taxation		95,092	95,092
		1,318,734	1,308,848
<b>NET CURRENT LIABILITIES</b>		1,278,281	1,271,748
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		871,762	772,156
<b>CAPITAL AND RESERVES</b>			
Called up Share Capital authorised, issued and fully paid, 1,000 ordinary shares of HK\$10 each		813	813
Profit and Loss Account	6	870,949	771,343
<b>TOTAL SHAREHOLDERS' FUNDS</b>		871,762	772,156

Approved by the Board on 25 June 1996  
and signed on their behalf by:



P J Bentley - Director



J A L Riley - Director

The notes on pages 6 to 8 form part of these accounts.

# **MARSHALLS (LONDON) INVESTMENT LIMITED**

## **NOTES TO THE ACCOUNTS**

**YEAR ENDED 31 MARCH 1996**

### **1. ACCOUNTING POLICIES**

The following are the principal accounting policies adopted by the company.

#### **i. Basis of preparation**

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

#### **ii. Foreign Currency**

Transactions in foreign currencies are converted at exchange rates ruling at the transaction dates. Monetary assets and liabilities, expressed in foreign currencies at the balance sheet date are translated into sterling at the rates of exchange ruling at 31 March. Exchange gains and losses are taken to the profit and loss account.

#### **iii. Subsidiary Undertakings**

A company is a subsidiary undertaking if more than 50% of its issued capital is held long term or the composition of the board of directors is controlled. Investments in subsidiary undertakings are carried at cost less provision for diminution in value to the extent which the directors consider to be permanent.

#### **iv. Turnover**

Turnover represents dividend and interest income.

#### **v. Deferred Taxation**

No provision is made for deferred taxation in respect of timing differences except where, in the opinion of the directors, it is expected that a tax payment or credit will crystallise in the foreseeable future.

#### **vi. Cash Flow Statement**

As the company is a wholly owned subsidiary undertaking of a parent company registered in England and Wales which prepares a consolidated cash flow statement, it is not required to present a cash flow statement in these accounts.

# MARSHALLS (LONDON) INVESTMENT LIMITED

## NOTES TO THE ACCOUNTS *(continued)*

YEAR ENDED 31 MARCH 1996

### 2. PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

	1996 £	1995 £
Profit/(Loss) before taxation is stated after charging and crediting the following:		
Charging:		
Auditors' remuneration - non audit work	10,898	6,110
Exchange differences	-	148,796
	<hr/>	<hr/>
Crediting:		
Interest on Tax repayments	396	-
Exchange Differences	106,446	-
	<hr/>	<hr/>

Auditor's remuneration (with the exception of non audit work) is borne by the holding company.

### 3. DIRECTORS' REMUNERATION

No fees or other emoluments have been paid or are payable to directors of the company for their services during the year (1995: £nil).

### 4. TAXATION

UK corporation tax has been provided for at the rate of 33 per cent on the estimated assessable profits for the year. The company has not earned any income subject to Hong Kong profits tax.

### 5. INVESTMENT IN SUBSIDIARY UNDERTAKING

	1996 £	1995 £
Unquoted shares at cost	455,846	455,846
Loan	1,694,197	1,588,058
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	2,150,043	2,043,904
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The unquoted shares represent the cost of the ordinary share capital and all of voting rights of M W Marshall (Hong Kong) Limited. The company, which acts as a money broker, is wholly owned and is incorporated and operates in Hong Kong.



# MARSHALLS (LONDON) INVESTMENT LIMITED

## NOTES TO THE ACCOUNTS *(continued)*

YEAR ENDED 31 MARCH 1996

### 5. INVESTMENT IN SUBSIDIARY UNDERTAKING *(continued)*

In the directors' opinion the value of the shares in the subsidiary undertaking is not less than the aggregate amount at which it is stated in the balance sheet.

The post-acquisition profits of the subsidiary undertaking dealt with in the company's accounts amounts to HK\$ Nil (1995: HK\$ Nil) whilst those not dealt with in the company's accounts amount to HK\$(2,798,935) (1995: profit HK\$12,280,060). The net aggregate amount of post acquisition profits of the subsidiaries not dealt with in the company's accounts amounts to HK\$175,927,910 (1995: HK\$178,726,845).

Group accounts have not been prepared as the company is a wholly owned subsidiary of another body corporate, registered in England.

### 6. PROFIT AND LOSS ACCOUNT

	1996 £
At 1 April 1995	771,343
Retained profit for the period	<u>99,606</u>
At 31 March 1996	<u>870,949</u>

### 7. ULTIMATE HOLDING COMPANY

The ultimate holding company is Marshalls Finance Limited which is registered in England and Wales. Marshalls Finance Limited is the only company to consolidate the results of Marshalls (London) Investment Limited and copies of the consolidated accounts can be obtained from the Company Secretary, Marshalls Finance Limited, Lloyds Chambers, 1 Portsoken Street, London E1 8DF.

**MARSHALLS (LONDON) INVESTMENT LIMITED**

**TRADING PROFIT AND LOSS ACCOUNT**

**FOR THE YEAR ENDED 31 MARCH 1996**

	<b>1996</b>	<b>1995</b>
	<b>£</b>	<b>£</b>
<b>INCOME</b>		
Interest Receivable	<u>396</u>	<u>-</u>
<b>LESS: EXPENSES</b>		
Sundry Expenses	20	17
Other Professional Fees	12,302	7,365
Exchange (Gain)/Loss	<u>(106,466)</u>	<u>148,796</u>
	<u>(94,144)</u>	<u>156,178</u>
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<u>94,540</u>	<u>(156,178)</u>