

153917

**3E Europe Limited**

Report and Financial Statements

Year Ended

31 December 1997

*JK*



**IBDO**

BDO Stoy Hayward  
Chartered Accountants

# **3E EUROPE LIMITED**

## **Annual report and financial statements for the year ended 31 December 1997**

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### **Contents**

Directors

### **Page:**

|   |  |
|---|--|
| 1 | Report of the directors                        |
| 3 | Report of the auditors                         |
| 4 | Profit and loss account                        |
| 5 | Balance sheet                                  |
| 6 | Notes forming part of the financial statements |

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### **Directors**

T J Williams (Chairman)  
Dr A E Brown  
R Y Brown  
J Bailey

### **Secretary and registered office**

Messrs T D Young & Co, Solicitors, New Law House, Saltire Centre, Glenrothes, Fife.

### **Company number**

SC 153917

### **Auditors**

BDO Stoy Hayward, 66 Broomfield Road, Chelmsford, Essex, CM1 1SW.

## **3E EUROPE LIMITED**

### **Report of the directors for the year ended 31 December 1997**

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The directors present their report together with the audited financial statements for the year ended 31 December 1997.

#### **Results and dividends**

The profit and loss account is set out on page 4 and shows the loss for the year.

#### **Principal activities**

The company's principal activity during the period was the sale of its XXEN range of products and the provision of associated consultancy services.

#### **Directors**

The directors of the company during the year were:

T J Williams (appointed 5 April 1997)  
Dr A E Brown  
R Y Brown  
J Bailey

No director had any interest in the ordinary shares of the company.

The directors are also directors of the ultimate parent company, 3E Development Limited, and their interests in the share capital of that company are shown in its financial statements.

#### **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;
- state whether applicable accounting standards have been followed, subject to any material departure disclosed and explained in the financial statements; and
- 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.

### 3E EUROPE LIMITED

#### Report of the directors for the year ended 31 December 1997 (*Continued*)

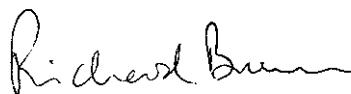
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##### **Auditors**

BDO Stoy Hayward have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

This directors' report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

##### **On behalf of the Board**



R Y Brown  
**Director**

Date 30 October 1998

## 3E EUROPE LIMITED

### Report of the auditors

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#### To the shareholders of 3E Europe Limited

We have audited the financial statements on pages 4 to 10 which have been prepared under the accounting policies set out on page 6.

#### *Respective responsibilities of directors and auditors*

As described on page 1 the company's directors are responsible for the preparation of the 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 December 1997 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**BDO STOY HAYWARD**  
*Chartered Accountants  
and Registered Auditors*  
Chelmsford

3 November 1998

**3E EUROPE LIMITED****Profit and loss account for the year ended 31 December 1997**

|  | Note | 1997<br>£   | 1996<br>£   |
|--|------|-------------|-------------|
| <b>Turnover</b>                                    | 2    | 184,801     | 82,320      |
| Cost of sales                                      |      | 22,958      | 30,744      |
|  |      | <hr/>       | <hr/>       |
| <b>Gross profit</b>                                |      | 161,843     | 51,576      |
| Distribution costs                                 |      | 51,830      | 5,235       |
| Administrative expenses                            |      | 226,084     | 133,667     |
|  |      | <hr/>       | <hr/>       |
| <b>Operating loss</b>                              | 4    | (116,071)   | (87,326)    |
| Interest receivable                                | 5    | -           | 72          |
| Interest payable and similar charges               | 6    | (2,203)     | (3,649)     |
|  |      | <hr/>       | <hr/>       |
| <b>Loss on ordinary activities before taxation</b> |      | (118,274)   | (90,903)    |
| Taxation on loss from ordinary activities          |      | 6,187       | 789         |
|  |      | <hr/>       | <hr/>       |
| <b>Retained loss for the year</b>                  |      | (112,087)   | (90,114)    |
| Retained (loss)/profit brought forward             |      | (87,852)    | 2,262       |
|  |      | <hr/>       | <hr/>       |
| <b>Retained loss carried forward</b>               |      | (199,939)   | (87,852)    |
|  |      | <hr/> <hr/> | <hr/> <hr/> |

All amounts relate to continuing activities.

The notes on pages 6 to 10 form part of these financial statements.

**3E EUROPE LIMITED****Balance sheet at 31 December 1997**

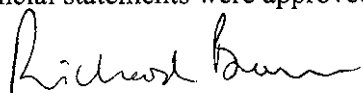
|  | Note | 1997          | 1996          |
|--|------|---------------|---------------|
|  |      | £             | £             |
| <b>Fixed assets</b>  |      |               |               |
| Tangible assets  | 7    | 11,570        | 7,879         |
| <b>Current assets</b>  |      |               |               |
| Debtors  | 8    | 26,079        | 17,339        |
| Cash at bank and in hand                                       |      | 53,780        | -             |
|  |      | <u>79,859</u> | <u>17,339</u> |
| <b>Creditors: amounts falling due within one year</b>          | 9    | 260,199       | 80,573        |
|  |      | <u></u>       | <u></u>       |
| <b>Net current liabilities</b>                                 |      | (180,340)     | (63,234)      |
|  |      | <u></u>       | <u></u>       |
| <b>Total assets less current liabilities</b>                   |      | (168,770)     | (55,355)      |
|  |      |               |               |
| <b>Creditors: amounts falling due after more than one year</b> | 10   | 1,129         | 2,457         |
|  |      | <u></u>       | <u></u>       |
| <b>Net liabilities</b>   |      | (169,899)     | (57,812)      |
|  |      | <u></u>       | <u></u>       |
| <b>Capital and reserves</b>                                    |      |               |               |
| Called up share capital  | 11   | 30,040        | 30,040        |
| Profit and loss account  |      | (199,939)     | (87,852)      |
|  |      | <u></u>       | <u></u>       |
| <b>Shareholders' funds</b>                                     |      | (169,899)     | (57,812)      |
|  |      | <u></u>       | <u></u>       |

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the Board on

22 October 1998

R Y Brown  
Director



J Bailey  
Director



The notes on pages 6 to 10 form part of these financial statements.

## 1 Accounting policies

The financial statements have been prepared under the historical cost convention, and on a going concern basis for the reasons stated in note 13, and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

### *Turnover*

Turnover represents sales to outside customers at invoiced amounts less value added tax.

### *Depreciation*

Depreciation is provided to write off the cost, less estimated residual values, of all fixed assets, evenly over their expected useful lives. It is calculated at the following rates:

|                   |   |                |
|-------------------|---|----------------|
| Office equipment  | - | 20% per annum  |
| Computer hardware | - | 33% per annum  |
| Computer software | - | 100% per annum |

### *Cashflow statements*

The company is entitled to the exemptions available in sections 246 and 247 of the Companies Act 1985 for small companies when filing accounts with the Registrar of Companies, and is therefore not required to prepare a cash flow statement under Financial Reporting Standard 1.

### *Leased assets*

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases'), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor. All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Reverse premiums and similar incentives received to enter into operating lease agreements are released to the profit and loss account over the period to the date on which the rent is first expected to be adjusted to the prevailing market rate.

### *Grants*

Grants received are credited in the profit and loss account so as to match them with the expenditure to which they relate.



## 3E EUROPE LIMITED

Notes forming part of the financial statements for the year ended 31 December 1997 (*Continued*)

### 2 Turnover

Turnover is wholly attributable to the principal activity of the company. An analysis of turnover by geographical market is given below:

The directors consider that 2 percent of turnover is attributable to markets outside the UK.

### 3 Operating loss

|  | 1997<br>£         | 1996<br>£         |
|--|-------------------|-------------------|
| This has been arrived at after charging: |                   |                   |
| Depreciation                             | 8,628             | 5,693             |
| Auditors' remuneration                   | 3,500             | 1,700             |
| Loss on disposal of fixed assets         | -                 | 246               |
|  | <u>          </u> | <u>          </u> |

### 4 Directors

Directors remuneration:

|          |                   |                   |
|----------|-------------------|-------------------|
| Salaries | 60,000            | 60,000            |
|          | <u>          </u> | <u>          </u> |

### 5 Interest receivable

|               |                   |                   |
|---------------|-------------------|-------------------|
| Bank interest | -                 | 72                |
|               | <u>          </u> | <u>          </u> |

### 6 Interest payable and similar charges

|  |                   |                   |
|--|-------------------|-------------------|
| Bank overdrafts repayable within 5 years | 627               | 511               |
| Loans repayable within 5 years           | -                 | 448               |
| Directors' loan interest payable         | 1,576             | 2,690             |
|  | <u>          </u> | <u>          </u> |
|  | 2,203             | 3,649             |
|  | <u>          </u> | <u>          </u> |

# 3E EUROPE LIMITED

Notes forming part of the financial statements for the year ended 31 December 1997 (*Continued*)

## 7 Tangible assets

|                       | Office<br>equipment<br>£ | Computer<br>hardware and<br>software<br>£ | Total<br>£ |
|-----------------------|--------------------------|---|------------|
| <i>Cost</i>           |                          |   |            |
| At 1 January 1997     | 2,342                    | 13,634                                    | 15,976     |
| Additions             | 2,438                    | 9,881                                     | 12,319     |
|                       | <hr/>                    | <hr/>                                     | <hr/>      |
| At 31 December 1997   | 4,780                    | 23,515                                    | 28,295     |
|                       | <hr/>                    | <hr/>                                     | <hr/>      |
| <i>Depreciation</i>   |                          |   |            |
| At 1 January 1997     | 586                      | 7,511                                     | 8,097      |
| Provided for the year | 716                      | 7,912                                     | 8,628      |
|                       | <hr/>                    | <hr/>                                     | <hr/>      |
| At 31 December 1997   | 1,302                    | 15,423                                    | 16,725     |
|                       | <hr/>                    | <hr/>                                     | <hr/>      |
| <i>Net book value</i> |                          |   |            |
| At 31 December 1997   | 3,478                    | 8,092                                     | 11,570     |
|                       | <hr/>                    | <hr/>                                     | <hr/>      |
| At 31 December 1996   | 1,756                    | 6,123                                     | 7,879      |
|                       | <hr/>                    | <hr/>                                     | <hr/>      |

The net book value of tangible fixed assets includes an amount of £6,128 (1996 - £2,894) in respect of assets held under finance leases. The related depreciation charge for the period was £988 (1996 - £1,120).

## 8 Debtors

|                           | 1997<br>£ | 1996<br>£ |
|---------------------------|-----------|-----------|
| Trade debtors             | 22,405    | 16,004    |
| Corporation tax repayable | -         | 806       |
| Other debtors             | 3,214     | -         |
| Prepayments               | 460       | 529       |
|                           | <hr/>     | <hr/>     |
|                           | 26,079    | 17,339    |
|                           | <hr/>     | <hr/>     |

All amounts shown under debtors fall due for payment within one year.

# 3E EUROPE LIMITED

Notes forming part of the financial statements for the year ended 31 December 1997 (*Continued*)

## 9 Creditors: amounts falling due within one year

|   | 1997<br>£      | 1996<br>£     |
|---|----------------|---------------|
| Bank loan and overdraft                                     | -              | 12,671        |
| Trade creditors   | 1,790          | 2,522         |
| Taxation and social security                                | -              | 4,784         |
| Directors' current accounts                                 | -              | 43,054        |
| Obligations under finance lease and hire purchase contracts | 3,347          | 1,162         |
| Accruals  | 3,500          | 2,017         |
| Amounts owed to holding company                             | 251,562        | 14,363        |
|   | <u>260,199</u> | <u>80,573</u> |

The Clydesdale Bank plc holds a floating charge over assets of the company.

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

|   |              |              |
|---|--------------|--------------|
| Obligations under lease and hire purchase contracts | 1,129        | 2,457        |
|   | <u>1,129</u> | <u>2,457</u> |

Obligations are due as follows:

|                                    |              |              |
|------------------------------------|--------------|--------------|
| Within one year                    | 3,347        | 1,162        |
| Within two to five years inclusive | 1,129        | 2,457        |
|                                    | <u>4,476</u> | <u>3,619</u> |

## 11 Share capital

|                            | Authorised    |               | Allotted, called up and fully paid |               |
|----------------------------|---------------|---------------|------------------------------------|---------------|
|                            | 1997<br>£     | 1996<br>£     | 1997<br>£                          | 1996<br>£     |
| Ordinary shares of £1 each | 50,000        | 50,000        | 30,040                             | 30,040        |
|                            | <u>50,000</u> | <u>50,000</u> | <u>30,040</u>                      | <u>30,040</u> |

## 3E EUROPE LIMITED

Notes forming part of the financial statements for the year ended 31 December 1997 (*Continued*)

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### 12 Commitments under operating leases

As at 31 December 1997, the group and the company had annual commitments under non-cancellable operating leases as set out below:

|                                | 1997   | Other |
|--------------------------------|--------|-------|
|                                | 1996   |       |
|                                | £      | £     |
| Operating leases which expire: |        |       |
| Between two and five years     | 14,713 | 6,356 |

### 13 Ultimate parent company and financial support

At 31 December 1997 the company's ultimate parent company was 3E Development Limited, incorporated in Scotland.

3E Development Limited has given a written undertaking to give financial support to the company for the foreseeable future.