M. WINKWORTH & CO. (HOLDINGS) LIMITED

COMPANY NUMBER 1189557

REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 1992

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M. WINKWORTH & CO. (HOLDINGS) LIMITED

DIRECTORS REPORT

The directors present their report and the audited accounts for the year ended 31st December 1992.

PRINCIPAL ACTIVITIES

The company commenced to trade during the year as franchisors and directly in the field of estate agency, property management, surveying and valuation.

DIRECTORS AND THEIR INTERESTS IN SHARES

The directors at 31st December 1992 and 1st January 1992 and their interest in shares were as follows :-

	1992	1991
S.P. Agace	1	1
M.I. Stoop (resigned 15.4.92)	-	15

AUDITOR

The auditors, Hare Wilson & Co., will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

SMALL COMPANY EXEMPTIONS

Advantage is taken in the preparation of the Directors' report of the special exemptions applicable to small companies conferred by Part II of Schedule 8 to the Companies Act 1985.

Signed on behalf of
the board of directors

SECRETARY

Approved by the board: 15 - 7 - 1993

HARE WILSON & CO.
Chartered Accountants and Registered Auditors

AUDITORS REPORT
TO THE MEMBERS OF M. WINKWORTH & CO. (HOLDINGS) LIMITED

We have audited the accounts on pages 4 to 9 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the company at 31st December 1992 and of the result for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.

In our opinion the company is entitled to the exemption conferred by Section 248 of the Companies Act 1985 from the requirement to prepare group accounts for the financial year ended 31st December 1992.

Hare Wilson & Co

15.7.1993

Redmead House
Uxbridge Road
Hillingdon Heath
Middlesex UB10 0LT

M. WINKWORTH & CO. (HOLDINGS) LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 1992

	Notes	1992	1991
		£	£
TURNOVER	2	4963363	-
Cost of sales		4372931	-
GROSS PROFIT		590432	-
Administration expenses		515786	-
OPERATING PROFIT	3	74646	-
Interest receivable		7017	-
Interest payable		54930	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		26733	-
Taxation		16973	-
RETAINED PROFIT FOR YEAR		9760	-
ACCUMULATED LOSSES BROUGHT FORWARD		(9356)	(9356)
RETAINED PROFIT (ACCUMULATED LOSSES) CARRIED FORWARD		404	(9356)

M. WINKWORTH & CO. (HOLDINGS) LIMITED

BALANCE SHEET
AT 31ST DECEMBER 1992

	Notes	1992	1992	1991	1991
		£	£	£	£
FIXED ASSETS					
Intangible assets	4		546873		-
Tangible assets	5		111139		-
Investments in subsidiaries	6		102		99
			658114		99
CURRENT ASSETS					
Debtors	7	232946		-	
Cash at bank and in hand		34164		-	
		267110		-	
CURRENT LIABILITIES - CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	8	422390		9355	
			(155280)		(9355)
TOTAL ASSETS LESS CURRENT LIABILITIES			502834		(9256)
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	8		502330		-
PROVISIONS FOR LIABILITIES AND CHARGES					
Deferred taxation	9		-		-
			504		(9256)
CAPITAL AND RESERVES					
Called up share capital	10		100		100
Profit and loss account			404		(9356)
			504		(9256)

Advantage is taken in the preparation of the accounts of the special exemptions applicable to small companies conferred by Part 1 of Schedule 8 to the Companies Act 1985. In the directors' opinion the company is entitled to those exemptions as a small company.

Signed on behalf of the
Board of Directors

S.P. AGACE
Director

Approved by the Board: 15·7·1993

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 1992

1. ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention.

Tangible fixed assets

Depreciation is provided on all tangible fixed assets on a reducing balance basis at rates calculated to write off the cost of each asset over its expected useful life as follows:-

Furniture and equipment	15%
Motor vehicles	25%
Improvements to premises	Nil

Deferred taxation

Deferred taxation is attributable to timing differences between profits computed for taxation purposes and profits as stated in the accounts and provided on the liability method in full.

Cash Flow Statement

The company has not prepared a Cash Flow Statement as permitted by paragraph 8 of Financial Reporting Standard 1.

2. TURNOVER

Turnover represents the invoiced amount of services provided stated net of value added tax.

3. OPERATING PROFIT

		1992 £	1991 £
(a)	This is stated after charging:-		
	Auditors remuneration	12000	-
	Depreciation of tangible fixed assets	20562	-
	Amortisation of intangible fixed assets	28783	-
(b)	Directors emoluments		
	Emoluments including pension contributions	22500	-
	Compensation for loss of office	7000	-

4. INTANGIBLE FIXED ASSETS

	Goodwill
Cost	
Additions and at 31.12.92	575656
Amortisation	
Charge for the year and at 31.12.92	28783
Net Book Value	
At 31.12.92	546873

Goodwill is to be amortised over a 20 year period on a straight-line basis. In the opinion of the director the amortisation period is justified on the grounds of the length of time during which the company will derive benefits from its franchise agreements to which the goodwill attaches.

5. TANGIBLE FIXED ASSETS

	Improvements to premises	Plant and equipment	Motor vehicles	Total
Cost				
At 1.1.1992	-	-	-	-
Additions	42145	18262	71294	131701
At 31.12.1992	42145	18262	71294	131701
Depreciation				
At 1.1.1992	-	-	-	-
Charge for the year	-	2739	17823	20562
At 31.12.1992	-	2739	17823	20562
Net book value				
At 31.12.1992	42145	15523	53471	111139
At 31.12.91	-	-	-	-

6. INVESTMENTS IN SUBSIDIARIES

	Note	1992 £	1991 £
M.W. (London) Limited	(a)	-	99
Winkworth Publications Limited	(b)	2	-
Canarycrest Limited	(c)	100	-
		102	99

The company's investment in its subsidiary companies represents the cost of acquisitions of the ordinary share capital of each company in the following percentages:

M.W. (London) Limited	99%
Winkworth Publications Limited	100%
Canarycrest Limited	100%

a) During the year M.W. (London) Limited ceased to trade and accordingly the investment was written down to nil to reflect the loss in value.

b) Winkworth Publications Limited remained dormant throughout the year.

c) Canarycrest Limited commenced trading during the year.

7. DEBTORS

	1992 £	1991 £
Trade debtors	156235	-
Amounts owed by group companies	18678	-
Amounts owed by associated companies	9569	-
Other debtors	35888	-
Prepayments and accrued income	12576	-
	232946	-

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 1992

8. CREDITORS

	1992 £	1991 £
Amounts falling due within one year:-		
Bank overdraft	10065	-
Trade creditors	177589	-
Directors accounts	41521	-
Amounts owed to group companies	-	9355
Corporation tax	26477	-
Other taxation and social security payable	19451	-
Other creditors	53463	-
Accruals and deferred income	77178	-
Bank loan	14748	-
Hire purchase contracts	1898	-
	422390	9355
Amounts falling due after more than one year:-		
Amounts owed to holding company	502330	-

9. DEFERRED TAXATION

Deferred taxation provided in the accounts is as follows:-

	1992 £	1991 £
Capital allowances in advance of depreciation	Nil	Nil

10. CALLED-UP SHARE CAPITAL

	1992 1991 Ordinary £1 shares
Authorised	100
Allotted and fully paid	100

11. CONTINGENT LIABILITIES

The company has agreed to provide sureties in respect of leases held by three franchisees should they default on the rental payments due under their leases. The maximum total contingent liability is £120250.

12. ULTIMATE HOLDING COMPANY

The company's ultimate holding company is Merchant Charter Limited, a company incorporated in the British Virgin Islands.