

Stoy Hayward and Astra Holdings plc

I was the chairman of the Astra Group for a period of ten years and resigned on 1st April 1990. The Astra Group comprised Astra Holdings plc and all its subsidiary companies (except OFS) but including the Walters Group - Accudyne, Walters Inc. and Kilgore (USA) - Astra Canada, BMARC (Astra Defence Systems), Astra Pyrotechnics, Haley and Weller and Poudreries Réunies de Belgique ("PRB") and its subsidiaries in Belgium and Canada.

The auditors were Stoy Hayward of 8 Baker Street, London W1. Philip Rusted was a partner of Stoy Hayward who during previous years during my chairmanship had undertaken the audit. However, Rusted was replaced by another partner, Dennis Robertson, who audited the accounts for the year ending 31 March 1990. Robertson was described to me (by Roy Barber FCA) as "a more mature partner, wiser in the ways of the world".

Astra's accounts would normally have been signed off by Stoy Hayward in July 1990. However, the signing off was delayed until 6 November 1990. This delay was serious in accountancy terms. The accounts signed off by Robertson were in my view materially incorrect because at least £30 million in turnover, which should have been included in the accounts for year in question, was moved into the following year. In my view this gave a materially inaccurate picture of the financial position of the Astra group. The annual general meeting of Astra Holdings plc and an extraordinary meeting in respect of the accounts for the year ending 31 March 1990 were held at the Connaught Rooms on 4 December 1990. I recollect that Dennis Robertson attended this meeting.

The involvement of Stoy Hayward with the Astra Group is one which has been fully documented and reported in the press over the period December 1990 to August 1998. In April 1989 Stoy Hayward undertook a due diligence exercise on behalf of Astra Holdings plc with regard to PRB. This exercise was completed in June of that year. A senior manager, Tim Laxton, was involved in this investigation and was employed by Stoy Hayward from September 1985 until December 1990. On 13 March 1994 Mr Laxton submitted a memorandum to the Clerk of the Foreign Affairs Committee at the House of Commons regarding matters relating to Astra Holdings plc which came to light during his appointment at Stoy Hayward.

In addition, in January 1998 the Joint Disciplinary Scheme (Institute of Chartered Accountants) commenced an investigation of Stoy Hayward regarding their role as the auditors of Astra Holdings plc and its subsidiary companies. This investigation was reported extensively in the press over the period January to August 1998.

In view of these facts, I find it incomprehensible that Moira Lewis, an employee of Stoy Hayward who was for many years (including 1990) Dennis Robertson's personal assistant, could attend court in January 1999, a few months after the enquiry into Stoy Hayward's involvement with Astra Holdings, and testify that Dennis Robertson, had no knowledge of Astra Holdings plc.

Stoy Hayward have been paid hundreds of thousands of pounds by Astra Holdings plc. Moreover, in official memoranda submitted over the years 1990 to 1998 there are specific and detailed references to Dennis Robertson's role in auditing the accounts of Astra Holdings plc in 1990. For example, Stoy Hayward's connection with Astra Holdings plc is dealt with in evidence to the Trade and Industry Select Committee (TISC) in 1994.

I am convinced that Stoy Hayward would prefer that all the facts regarding their dealings with Astra Holdings plc should not be disclosed. Tim Laxton submitted a memorandum dated 19 April 1996 to the Trade and Industry Select Committee drawing attention to such matters. He became aware of them while he was a forensic accountant, the manager of the Corporate Finance and Investigations Department of Stoy Hayward at the time Dennis Robertson was auditing the Astra accounts.

Signed:

Gerald Reaveley James
2 Laurel Road
London SW13 0EE.

Telephone: 0208-876 1436